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MPs to debate Windscale

BY DAVID FISHLOCK, SCIENCE EDITOR

THE Windscale inquiry report, published yesterday, is strongly in favour of British Nuclear Fuel's proposed £600m. nuclear fuel reprocessing project and of Government permission for the state-owned company to undertake the reprocessing of spent fuel for overseas countries.

But the Government has refused to grant planning permission on the company's present application to build a 1,200-tonnes a year chemical plant to treat for re-use spent nuclear fuel.

Instead, it is adopting a little-used planning procedure, employing a special development order, to give Parliament another chance to debate the project. MPs will be able to vote against the order, thus blocking BNFL's plans, but not amending them.

For this reason, a final decision on the Windscale project is likely to be delayed for several more weeks.

The special development order has been used in the past for nuclear projects for the U.K. Atomic Energy Authority.

The report of Mr. Justice Parker, following the 100-day Windscale inquiry last summer, rejects unequivocally two of the key arguments—on economics and weapon proliferation—used against the plan for a new thermal oxide reprocessing plant (THORP).

It concludes that the financial advantages of the project as proposed by BNFL are plain, while in spite of the fact that it separates plutonium, the plant could help to strengthen the Non-Proliferation Treaty.

Mr. Justice Parker says that, regarding Britain's domestic nuclear requirements, "a start on such a project should be made without delay," while, regarding overseas reprocessing contracts the advantages clearly outweighed these disadvantages.

His report implies strong disagreement with the anti-proliferation policy of the U.S. Government, announced by President Carter almost a year ago, in which a moratorium was declared on all civil domestic reprocessing. It was followed by energetic efforts to persuade other countries to follow suit.

Mr. Justice Parker also rejects suggestions that the plant might be built elsewhere than at Windscale, Cumbria — "the obvious location." He says that the risks to local inhabitants are "so small that this fact cannot outweigh the advantages."

The report includes 16 principal recommendations for tightening up safety procedures and their surveillance, the last being that outline planning permission for THORP should be granted without delay, "subject to conditions."

The report meticulously separates fact from fiction in the case of plutonium, it stating that claims made by opponents at the inquiry that plutonium had never existed until man made it, that it was highly radioactive, and that it was the most toxic substance known to man, were untrue.

But it was true that plutonium was a bomb-making material, that in certain circumstances it was very dangerous to man, and that, if released into the environment, it would persist for a very long time.

Dealing with public hostility to nuclear power, Mr. Justice Parker says that the argument of opponents that supporters were acting in an immoral way was "plainly unsustainable" because it was obviously possible to hold an equally sincere belief that reprocessing was necessary on moral grounds.

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Parliament, Page 11
Editorial Comment, Page 16

It was "abundantly clear" that some who had pursued the moral line had done so without investigating the consequences of pursuing alternatives.

Mr. Peter Shore, Environment Secretary, who called in BNFL's planning application just a year ago, told MPs yesterday that Mr. Justice Parker's report had analysed, in a masterly way, all the issues raised by objectors. Its conclusions were "persuasive and broadly acceptable," he said, and under normal procedure he would proceed straight away to a final decision.

Instead, he would be giving MPs a further opportunity to debate the issues under the only procedure open to him, which meant refusing to grant planning permission on the present application.

He proposed that Parliament should debate the report before the Easter recess, and that "shortly thereafter" he would lay before Parliament a Special Development Order under Section 24 of the Town and Country Planning Act.

This would, in effect, authorise the THORP project.

Mr. Con Allday, managing director of BNFL, said last night that he saw the Parker report as "complete vindication" of the company's proposals. He welcomed the central conclusion to go ahead with THORP as quickly as possible.

His immediate task, he said, was to explain Mr. Shore's statement to his overseas customers, and to persuade them that it would be worth their while to be patient.

China set for big rise in output, says Hua

By Yvonne Preston

PEKING, March 6.

CHINA PLANS a capital investment programme over the next eight years equivalent to the total programme of the past 28 years of Communist rule, Chairman Hua Kuo-feng said in his report to the Fifth Chinese Parliament, it was revealed here to-day.

The State plans to build or complete 120 large-scale projects, including 10 iron and steel complexes, nine non-ferrous metal complexes, eight coal mines, 10 oil and gas fields, 30 power stations, six new trunk railways and five key harbours. The report foreshadows the establishment of nuclear power stations.

The speech also announced the abolition of independent revolutionary committees which were the main instrument for the implementation of the Cultural Revolution launched by the late chairman Mao Tse-tung.

The full text of the report, delivered at the opening session of the National People's Congress just over a week ago, breaks with past precedent in giving exact targets for the increase in agricultural and industrial growth to the year 1985.

Fireworks

Agricultural output is planned to rise annually by 4-5 per cent. and industrial output by more than 10 per cent. — rates unprecedented in China's recent history.

By 1985, said Chairman Hua, steel output should more than double to 60m. tons a year and grain output rise from the present 285m. tons to 400m. tons.

The text was released after the formal closure of the Congress. Mass demonstrations were held throughout the day in Peking and crowds almost blocked the main avenue at the northern end of Tien An Men square. Fireworks were set off and decorated trucks carrying slogans in praise of the new Chinese constitution, the drive to modernise the country and of Chairman Hua, passed down the main streets.

Chairman Hua now occupies the three key positions in the Chinese leadership—Party Chairman, Premier and Commander-in-Chief.

In his speech—remarkable for its lucidity, honesty and factual detail — Chairman Hua decreed the end of revolutionary committees in factories, shops, schools, colleges and party organisations where such com-

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Congress ends in anti-climax, Page 4

NEWS SUMMARY

GENERAL

Nkomo may ask for Cubans

Mr. Joshua Nkomo, Rhodesian black nationalist co-leader with Mr. Robert Mugabe of the Patriotic Front, interviewed by the magazine Newsweek, hinted that he might be prepared to ask for Cuban troops to help intensify guerilla activities against Rhodesia.

Mr. Nkomo, who is to take part in the U.N. Security Council debate on Rhodesia which began in New York yesterday, said that events in Rhodesia were taking "a very dangerous turn."

In Salisbury two young black vegetable sellers were remanded in custody accused of planting bombs in the capital on Saturday—the day after the agreement was signed.

urfew

Police yesterday imposed a dusk-to-dawn curfew over a 45-mile belt of white farm land to the north and east of Salisbury. Meanwhile, Lord Carrington, a member of the Conservative "Shadow" Cabinet, met Mr. Ian Smith and Chief Josiah Chirau at the beginning of a Rhodesian visit. **Parliament, Page 11**

arter sets air ares deadline

President Carter set a March 17 deadline for U.S. and British negotiators to resolve differences over cheap transatlantic air fares, particularly on the London-Houston route. **Back Page**

readline awards

managing director acted unreasonably in sacking his general manager and two women clerks who left the office in working hours to join a bread queue during the bakers' strike, an industrial tribunal at Shrewsbury ruled. Compensation of ... and £193 was awarded to ... women while the general manager's is to be assessed.

ndhi order

New Delhi High Court judge ordered the winding up of the ... car factory set up by ... Gandhi, son of Mrs. ... Gandhi, former Prime Minister. He said the company ... insolvent with liabilities of ... m.

ncess jostled

Princess Anne was pushed and ... by more than 100 ... demonstrators when she ... a Cambridge Union ... last night. The protest ... over the title of the debate ... woman's place is in the ..." and the fact that it was ... by Barclays Bank. ... debate was in aid of the ... the Children Fund.

an ill wind . . .

... servicemen are ... in increasing numbers for secret experiments at ... Chemical Defence Establishment Porton Down to earn money, the Defence Ministry confirmed. The experiments ... understood to involve CS riot ...

ly . . .

... my is to take the place ... st's 270 civilian searchers ... taking to-day off in ... for last week's Rag Day victims. **Parliament,** ...

... ds of international air passengers were evacuated ... Heathrow Airport's ... Three when fire broke ... a duty-free shop.

... Ramsey resigned as con... Birmingham City four ... after returning to full... management.

... Hassan, Gibraltar ... Minister, and Mr. Maurice ... Opposition leader, are ... talks with Dr. David ... Foreign Secretary, in ... to-morrow.

... McLiammoir, the Irish ... d in Dublin last night.

BUSINESS

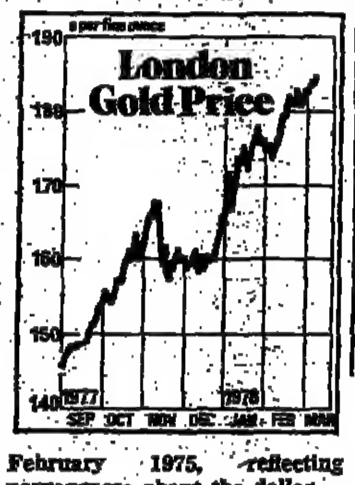
Bear squeeze boosts equities

● EQUITIES responded to an inter-office bear squeeze and the FT ordinary index put on 6.6 to 442.8 in an otherwise thin market.

● GILTS traded quietly with gains of ¾ in longs. The Government Securities index closed 0.34 up at 74.88.

● STERLING fell 25 points to \$1.9370, and its trade-weighted index fell to 65.2 (65.3). The dollar's depreciation remained at 5.41 per cent.

● GOLD rose \$1 to \$185¼, its highest closing level since



February 1975, reflecting nervousness about the dollar.

● WALL STREET closed 4.59 down at 742.72.

● U.S. TREASURY bills were: threes, 6.349 per cent. (6.429) and sixes, 6.676 per cent. (6.782).

● EEC FARM Ministers interrupted business to discuss France's defiance of the Commission ruling on levels of Compensatory Monetary Amounts, as French importers refused to take delivery of goods while the amounts remained so low. **Back Page**

● GOVERNMENT BLACKLIST of companies disregarding pay guidelines contains at least 13 companies, Treasury Secretary has told the Commons. At the same time, the CBI has said there was little chance of it endorsing any clauses in public sector contracts enforcing pay policy. **Back Page**

Wholesale prices level out

● WHOLESALE prices increase seems to be levelling out—at the lowest level for nearly five years. The Department of Industry index of output/factory gate prices rose by 0.8 per cent. last month. **Back Page.**

LABOUR

● SWAN HUNTER has closed five shipbuilding yards on Tyneside and laid off all its 9,000 workers because of a pay dispute with 80 security guards. **Page 8**

● OWNER of a small business in South Wales has gone on strike and picketed his own factory gate in protest at the difficulties faced by small companies because of Government policies and the Inland Revenue.

COMPANIES

● PYE OF CAMBRIDGE director, Mr. Alexander Faulds, has taken over the running of Pye subsidiary Cabinet Industries, following the bringing of charges against Cabinet's chairman and managing director.

● BISGOOD BISHOP—Smith Brothers merger, cleared by the Monopolies Commission, is not to go ahead after all. **Back Page**

● FISONS second half profits increased from £7.81m. to £12.47m., boosting total profits for 1977 to £21.25m. (£18.13m.), following recovery in the fertiliser division. **Page 27 and Lex**

● BEATRICE FOODS has made an agreed \$490m. bid for Tropicana Products. **Page 32**

PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

... 3pc '90	£110¼	+ ¾
... pc '02-06	£73	+ ¾
... ement	228	+ 5
... er	180	+ 6
...	60	+ 3
...	181	+ 5
...	191	+ 6
... I.)	26	+ 4
...	246	+ 5
...	93	+ 4
... ldeley	174	+ 4
...	335	+ 4
...	172	+ 7
... k	250	+ 8
... tralia Inv.	124	+ 9
Pauls and Whites	114	+ 5
RCF Hldgs.	40	+ 4
Rank Org.	234	+ 8
Rowntree Mackintosh	357	+ 10
Royco	33	+ 2½
Thomson Org.	163	+ 6
Conzinc Riotinto	156	+ 8
Union Crp.	280	+ 5

FALLS

Gripperrods	44	− 5
Laing (J.) A	133	− 5
Parker Knoll A	104	− 4
Press (Wm.)	17†	− 6
Rush and Tompkins	89	− 5
Malayan Tin	285	− 5
Southern Malayan	245	− 5
Tara Exploration	730	− 20

† Suspended

MINERS FACE TOUGH SANCTIONS AS $ COMES UNDER PRESSURE

MINERS FACE TOUGH SANCTIONS AS $ COMES UNDER PRESSURE

Carter invokes law to stop coal strike

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, March 6.

PRESIDENT CARTER to-day invoked Federal law in the shape of the Taft-Hartley act in an attempt to end the three-month-old coal strike by forcing the miners back to work for an 80-day cooling-off period.

His action followed the conclusive rejection of the latest contract offer by the United Mineworkers' Union by a margin of more than two to one. It is very likely that the miners will defy the Taft-Hartley injunction — much as they have on the three previous occasions it has been used in the coal industry—and will seek to keep the union mines closed.

Mr. Carter offered some inducement to the miners to-day by saying that he would try to find a way the coal companies could pay the miners the wages provided for in the rejected contract if they returned to work, pending agreement on new settlements.

Under Taft-Hartley, old contract rates are supposed to be paid. The rejected settlement would have seen miners' pay rise by 37 per cent. over its three-year period, which should have begun at the start of this year.

The new wage rates were not a central reason for the union rank and file's rejection of the new contract. Members objected more deeply to the restrictions on the right to strike and curtailment of health and other benefits.

But the President did not couple his invocation of Taft-Hartley with an announcement of his intent to seize the mines.

Senior Administration officials said later that this had been ruled out as an option once it became clear that it was the union which had turned down a proferred contract. As long as the employers' acceptance of the settlement was in doubt, seizure was actively considered, officials said.

Additionally, it was argued that seizure combined with Taft-Hartley would have been an inducement "not to comply with the law," as laid down by Taft-Hartley, but rather to await the necessary seizure legislation. It was imperative, both the President and his aides said, to act now.

Administration officials also threatened to take a tough line with miners if they defied a Taft-Hartley injunction. "If there are those who choose to disobey the law," one said, "the law provides for action."

This would include criminal and civil proceedings against "a large number of individuals," including local officers of the mineworkers' union, and distraints on both national and local union treasuries. Furthermore it was observed that the Taft-Hartley amendment provided for the cutting off of certain forms of federal relief—such as the food stamp programme—from those in defiance of the law.

The threat of strict application of such sanctions may well stiffen miners' resistance to a return to work. While the Taft-Hartley Act is generally disliked by unions, which would have preferred seizure of the mines, the accompanying Presidential appeal for a fair resolution of the dispute under the law might have received a more sympathetic hearing if delivered without the overt warning that the Government was prepared, as

Continued on Back Page
The President acts, Page 4

Dollar recovers in volatile day

BY MICHAEL BLANDEN

THE DOLLAR came under renewed pressure in early foreign exchange market dealings yesterday, but recovered later in volatile and nervous trading.

The market was again affected by uncertainties over the outlook for the U.S. economy and concern about the coal strike ahead of President Carter's statement. There was speculation on possible new moves by the West German and Japanese authorities to stem the pressure of speculative inflows.

After the early weakness, however, a large commercial buying order was reported by dealers to have reached the market, pushing the U.S. currency up sharply. Although it drifted back again in later trading, the dollar ended slightly better against the strong European currencies.

Overnight, the dollar had fallen heavily against the Japanese yen, with the Bank of Japan intervening on a large scale to buy an estimated \$400m. in support. This represented almost a half of the total turnover of \$825m. in very busy dealings.

At the opening of trading in London, the dollar again dropped below the DM2 level against the West German currency, touched Y235 and fell against the Swiss franc.

The continuing weakness of the dollar again brought pressure from the Arab oil-exporting States to find methods of restoring the international purchasing power of their revenues.

The recovery in the U.S. currency yesterday, however, appeared to take place without significant official intervention. In the initial reaction to the buying order, it jumped to DM2.05 at its best level after being as low as DM1.9930.

The dollar reached a top level of SwFrs.1.91 and touched Y237.10. At the close of business in London it remained slightly better than Friday's levels at DM2.0280 and SwFrs.1.8775.

The pound has remained on the sidelines of the latest bout of currency unrest, though showing a slight tendency to slip against other currencies generally—a trend which may not be unwelcome.

Yesterday it lost 25 points against the dollar at \$1.9370, with its trade-weighted index against a basket of other currencies falling to 65.2 compared with 65.3 on Friday.

Yen hits peak; Saudi Arabia may consider plan to protect oil prices, Page 4

William Press offices searched

BY MICHAEL LAFFERTY AND JOHN MOORE

INLAND REVENUE investigators, 140 in all, launched a nationwide search of the offices of William Press, the publicly quoted engineering company, in the early hours of yesterday morning.

The tax authorities were acting under rarely used powers granted to them in the Finance Act 1976. They had first obtained search warrants from judges in the Central Criminal Court in London and the Sheriff's Court in Paisley, Scotland, over the week-end. Senior police officers accompanied the tax officials on their visits.

Simultaneous searches were carried out by the Inland Revenue at offices in London, including the group's head office in Essex Street, off the Strand, the West Midlands, Darlington and Scotland. Sacks of documents were removed by the tax officials from Press's offices throughout the day.

A final batch was taken from the group's headquarters as a large group of tax officials, who had been working at the Essex Street offices, left for the night.

It is understood that the Inland Revenue is particularly concerned with William Press's pay as you earn tax and sub-contractor payment records.

William Press shares tumbled 6p on the news to 17p, giving the group a stock market value £20.4m., before it asked for a temporary suspension of dealing yesterday morning.

The swoop on William Press came hard on the heels of visits by police and Revenue officers to a Streatham, South London, sub-contracting business, Corrib Construction. As a result of those visits, three men appeared in Camberwell Magistrates Court, South London yesterday charged with defrauding the Inland Revenue of more than £23,000 by falsifying a building contractor's tax form.

The three were Mr. Martin Joyce, Mr. William Cunningham and Mr. John O'Sullivan.

William Press confirmed last night that it had sub-contracted work to Corrib Construction in the past.

In a brief statement last night, Press confirmed that its offices had been searched "pursuant to a search warrant issued under the Taxes Management Act 1970. The search warrant states that the Inland Revenue have reasonable grounds for suspecting that an offence has been committed by unspecified persons.

"At present, the company has no knowledge as to the specific nature of the matters under investigation. The company is doing everything in its power to co-operate with the Inland Revenue in its investigations."

The company and its auditors Tansley Witt, said they received no advance warning of the investigation. "The whole thing came as a complete surprise as far as we are concerned," said Mr. Edward Holding, one of the partners responsible for the Press audit.

The latest audit for the year ending December 31, was following its normal pattern. Mr. Holding said that Tansley Witt did not handle William Press's tax affairs.

To carry out an investigation of this nature, a tax inspector must first have the approval of the Board of the Inland Revenue and must have satisfied at least a circuit court judge that there are reasonable grounds for issuing a warrant.

Leading tax accountants could think of only one other case involving a substantial company where these powers had been invoked by the tax authorities, that of J. Murphy.

Company in the News, Page 28

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FEATURES

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Barre fears political and social tensions if Left wins election

BY ROBERT MAUTHNER PARIS, March 6.

M. RAYMOND BARRE, the French Prime Minister, said last night that a left-wing victory at next week's general election would produce much greater political and social tensions than if the present coalition won a parliamentary majority.

While he was entirely in favour of a democratic system which allowed the various political parties to alternate in power, France was a special case to the extent that the Socialist-Communist programme foresaw a radical change of society.

When there was a change in West Germany, from a Christian Democratic to a Social Democratic government, or in Britain from a Conservative to a Labour government, this did not imply a fundamental change of society.

"I am not at all bothered by the programmes of Herr Helmut Schmidt, Mr. James Callaghan or Sr. Mario Soares in Portugal," M. Barre said.

The Prime Minister also underlined the risks of a constitutional crisis if the Left won the election.

He did not see how it was possible for any government to last for very long if there were deep disagreements between the President of the republic and the Prime Minister.

M. Francois Mitterrand, the Socialist leader, on the other hand, said at the week-end that he did not foresee any major constitutional difficulties as long as President Valery Giscard d'Estaing respected his undertaking to implement the Programme of the Left if the Socialists and Communists won the election.

THE FRENCH ELECTIONS

If President Giscard d'Estaing went back on his promise and tried to impose his views on a left-wing government, this would no doubt provoke a serious *situation. But M. Mitterrand* did not think the President intended to adopt such a line.

THE TRADE UNIONS' PLACE IN POLITICS

A lack of unity but a desire to compromise

BY DAVID WHITE IN PARIS

THE POLITICAL equation which has to be worked out in France in the coming months contains more unknown factors than the fortunes of the parliamentary candidates, now in their last few days of campaigning. One of the most crucial of these—and in spite of a pre-election lull on the labour front nobody on either Right or Left is forgetting it—is the part to be played by the trade unions.

Between now and the final round of the election on Sunday week, the unions may have an important say in the destiny of the Left if they can prepare some kind of common ground on which Socialists and Communists can find a way out of their suicidal impasse. And in the ensuing weeks the unions will have a decisive influence on what looks increasingly, whatever the poll outcome, like being a long, hot summer.

As if a reminder of this were needed, France is coming up to the anniversary of May, 1968, when student troubles, dismissed by General De Gaulle as a "mess in the bed," blew up into one of the biggest strike movements ever to take place in any country—involving at one stage 8m. to 10m. workers and an estimated 150m. lost working days.

Nobody, at least, is expecting a repeat of that. For one thing, memories of 1968 are still fresh and by no means all good ones. *Although the movement provided the unions with a high point of solidarity, the "events"* brought only small benefits in terms of wages and conditions. Some unionists, especially the leaders of the most moderate of the three big confederations, Force Ouvriere (FO), but also including members of the left-wing CFDT, have drawn the conclusion that national strikes are not the best means of getting results.

Above all, there seems to be little prospect of unity within the union movement, which is both divided and weak in numbers. Only between 20 and 25 per cent. of French workers belong to unions, one of the lowest rates in Europe and about half the rate in the U.K.

The divisions in the highly politicised union line-up tend to isolate the biggest of them, the Confederation Generale du Travail (CGT), France's oldest union body, whose long-standing Communist links have been reinforced under the leadership of M. Georges Seguy, himself a member of the Bureau Politique of the French *Communist* Party.

In the last few weeks, however, the CGT has managed to mend some of the bridges broken between it and the Socialist-leaning CFDT, the second largest confederation. First of all, the Communist Party adopted part of the CFDT's platform, proposing workers' committees at company and shopfloor level, with a say both in central management *and in working methods.* The CGT decided to play ball, although it had long opposed the CFDT's type of industrial democracy. At the beginning of the year, the two confederations met and managed to agree, if not on politics, at least on some essential claims.

The political platform of the CFDT, drawn up a few weeks ago, drew much conciliatory praise from the Communists, who *saw it as being much closer to* their own positions than to the Socialist positions from which they formally broke last year. The CFDT proposals—which involve nationalisations not only of parent companies but of subsidiaries in which the parent's stake is more than two-thirds of the energy sector but not of the Peugeot-Citroen car group, plus some stipulations about *workers' representation in these* industries—are seen by both Communists and Socialists as the possible basis of a compromise programme on which they could field joint candidates in the second election round.

This prospect has not, however, bridged the divide between the unions. The times they really work together—as they did in the nine-month struggle at the Lip watch factory in 1973—are rare. *In recent disputes involving tyre* and power workers, the CGT and CFDT have failed to agree on tactics. The CFDT is highly suspicious of the way the CGT, traditional and centralist, has declared its conversion to shop-floor councils, a main plank of the CFDT's more innovative, grass-roots approach.

FRANCE'S FOUR MAIN UNIONS*

Confederation Generale du Travail (CGT): Communist-affiliated with more than 2m. members.

Confederation Francaise Democratique du Travail (CFDT): Pro-Socialist with 1m. members.

Force Ouvriere (FO): Moderate in policy with 700,000 members.

Federation de l'Education Nationale (FEN): Independent left-wing with 550,000 members.

* Memberships all estimates.

The other main unions are unhappy about the Communists, the most vocal being Force Ouvriere, which broke off as a post-war splinter group of the CGT. Its leader, M. Andre Bergeron, a Socialist Party member and self-styled social democrat who insists on keeping union business apart from politics, likes calling the CGT "the drive-belt of the Communist Party.

"I'm afraid the present attitude of the CGT has grave consequences for the workers' movement and union unity," commented M. Andre Henry, leader of the biggest of the non-confederation unions, the militant teachers' union, FEN.

None of the big unions, however, falls comfortably into party categories. The CFDT is largely Socialist but has a strong extreme-Left minority. The FO includes everything from anarchist to right-wing nationalist. The FEN, unique among the big unions in that its membership represents 70 per cent. of the teaching and research professions (in its five strike days in the past two years it had about an 80 per cent. response), has a strong pro-Communist faction, which along with far-left groups makes up about 40 per cent. of members.

In the CGT itself, about 40 per cent. are thought to vote Socialist. But although there are three Socialists on the union's central committee, the power structure is solid and Communist.

Discomfort with the CGT's alignment in the political stakes may be reflected in recent union elections in Paris local transport, car factories and banks, where the CGT lost votes and the FO, the most anti-political union, gained. Some labour observers see the CGT on a long path of declining influence. But the union claims to be gaining members overall, and although its claim of 2.4m. contributors may be optimistic it still represents half of France's trades union membership. Together the unions have about 4.5m. members including the 550,000 teachers, the white-collar unions and the Christian CFTC, the rump of the union which became the CFDT in 1964, with perhaps 500,000 between them, and the Confederation of Free Trades Unions (CSL), with perhaps 100,000, mostly at Peugeot-Citroen, an organisation prone to rough-house tactics against other unions and dubbed by the CGT "the bosses' militia."

What then happens after March 19? If the present government majority wins, there is certainly the risk of a union backlash, but with little prospect of wide support unless it is based on genuine labour grievances. The Barre Government last year managed to stave off a large part of the union threat, keeping wage increases fractionally ahead of price increases. Unemployment, at just over 1m., is a source of anxiety but has dropped since August. In a new term of office it can be assumed that the Government would make some gesture towards raising the £48-a-week minimum wage and reducing the social inequalities which in France are much more drastic than they are in West Germany or the U.K. But its chances of social peace would depend on whether it can, within its overall economic plans, move fast or far enough.

With a left-wing victory, the situation is more complicated. France still has the memory of 1936, when a Popular Front election victory sparked off a chain of labour demands. Will the Left's promises, together with union *claims* for more worker power, raise hopes higher than the Government can cope with? If a left-wing government raises the minimum wage, which about one in ten French workers earns, by over a third to Frs.2,400 (£267) a month, it might be able to pursue some kind of wages policy aimed at reducing the span between the highest and lowest paid, but only a mild one: the FO and parts of the CGT will not easily give up their differentials. This would mean a big increase in the overall wage bill, with possible implications for employment.

The Left's aim to create 500,000 jobs a year looks a difficult task. Last year, the employers' federation, the Patronat, pledged to find room *for 300,000 in an effort to* strengthen the present Government's position, but many of these are supernumary and could be dispensed with if the Left won.

Non-Communist unionists are also extremely worried about the prospect of the Communists trying to enforce their more hard-line nationalisation proposals, if they have no other means, by CGT-led factory occupations—a move which could create serious conflicts between the unions.

Union leaders reckon the incoming Government can count on a testing-period of maybe three, maybe six months. People like M. Henry of the teachers' union, though firmly "in the camp of the Left" are determined to pay *no regard to who it is who occupies* the Matignon when they come to press their claims—and claims there will be.

After an election campaign in which the real desires for change that exist in France have made themselves abundantly clear, whoever wins will come under immediate pressure to push those desires through into reality. The question then will be whether the Government, in a period of economic stringency, or possibly in the case of a Left-wing government in a period when capital has fled the country, will be able to respond enough to absorb the pressure.

Karamanlis, Ecevit to meet without agenda

BY OUR OWN CORRESPONDENT ATHENS, March 6.

REAFFIRMING the political will of their governments to find solutions to the problems which have long impaired relations between Greece and Turkey will be the main aim of this Friday's and Saturday's summit meeting in Montreux, Switzerland, an official announcement said here to-day.

The announcement said the two Prime Ministers, Mr. Constantine Karamanlis and Mr. Bulent Ecevit, will have an ex*change of views without any rigid* agenda on the problems dividing the two nations. It said they will explore the appropriate and practicable procedures that would facilitate the attainment of concrete solutions to these problems.

Mr. Karamanlis says he has agreed to meet his Turkish counterpart in an effort to dispel the mistrust and end the cold war between the two nations. But he says he is not willing to discuss concrete proposals before adequate preparations have been made.

The afternoon newspaper Ta Nea to-day warned Mr. Karamanlis against a Turkish trap. The paper claimed to have information that Mr. Ecevit would not restrict himself to an exchange *of views* but would put forward proposals concerning the disputes over territorial rights in the Aegean as well as the Cyprus issue. The newspaper argued that leaks of these proposals could present Greece in an unfavourable light and help convince the U.S. to lift its arms embargo on Turkey.

TURKEY'S ECONOMY

A tighter belt

BY METIN MUNIR, ANKARA, MARCH 6

TALKS BETWEEN the International Monetary Fund (IMF) and Turkey began in Washington *to-day and are expected by the* central bank here to end in an agreement.

In his two months in power Mr. Bulent Ecevit, the left of centre Prime Minister, has applied himself to extricating Turkey from the worse economic crisis in its history.

The lira was devalued by 30 per cent. last week and it is hoped the government will follow this up with measures to assure that the devaluation benefits the economy. The restraint of money supply and prices and wages is likely to be one of the principle topics on the Washington agenda.

In fact, the cumulative rate of the devaluation of the lira has been well above 40 per cent. since last September when Turkey started tightening its belt. The rate of the devaluation against *the U.S. dollar, for insance,* is nearly 48 per cent., against sterling 51 per cent., the D-Mark 51 per cent., and the Swiss franc 69 per cent.

Following the devaluation, the rate of the tax rebate on exports was completely eliminated from principal export commodities like cotton and tobacco, and reduced elsewhere.

In monetary policy changes, reserve requirements were raised from 30 per cent. to 35 per cent. for demand deposits and from 25 per cent. to 30 per cent. for time deposits. Saving deposit rates were increased by three per cent. to nine per cent.. Lending rates went up from 11.5 per cent. to 16 per cent. for "unproductive sectors" and from 11.5 per cent. to 14 per cent. for "productive sectors."

The prices of goods and services produced by the large state companies have been raised substantially so that their dependence on state subsidies would be reduced. The minimum prices offered by the Government to the principle crops have been limited to modest rates.

In a further deflationary move, budget spending in the 1978 financial year has been restricted to L264bn. (£10.6bn.), which is below the level of the previous year.

The stamp duty levied on imports has been raised from 10 per cent. to 22.5-25 per cent.

In the field of foreign borrowing, the central bank abandoned short-term borrowing and instituted the one-year maturity as the minimum acceptable term.

The export target for 1978 has been fixed at $5bn. and for imports $2.55bn. in an attempt to reduce last year's current account deficit of $4bn. The growth target is 6.1 per cent., slightly higher than that recommended by the IMF.

Mr. Ecevit said new tax proposals will soon be submitted to Parliament. The aim would be to broaden the coverage of sales taxes and excises on luxury goods, prevent tax evasion which is widespread, and shift the burden from salaries and wages, which contribute three-quarters of income tax revenues.

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EUROPEAN NEWS

Andreotti consults unions on economic programme

BY PAUL BETTS

ROME, March 6.

IN A much improved atmosphere following the week-end's agreement under which the Italian Communist Party will support directly in Parliament a minority Christian Democrat government, Sig. Giulio Andreotti, the Prime Minister-designate, to-night consulted trade union leaders on the economic aspects of his programme.

After talks with the national employer organisation, Confindustria, to-morrow, Sig. Andreotti is scheduled to hold a summit meeting with the leaders of the main political parties on Wednesday.

Unless there are last minute difficulties, the summit is expected to give Sig. Andreotti the final go-ahead to form a new Government, so ending Italy's seven-week political crisis.

The economic part of Sig. Andreotti's programme is understood to go some way towards meeting trade union demands for an increased 1978 growth rate, job-creating investments, particularly for the depressed south of the country, and provisions for financially and structurally troubled industrial sectors like chemicals, fibres and steel.

There are also indications that some L4,000bn. (about £2.7bn.) will be earmarked for new investments. However, an increase in taxation, public utility tariffs and cuts in public expenditure are expected in order to contain the state sector 1978 deficit enlarged to £24,000bn.—the upper limit which appears to be acceptable to the International Monetary Fund.

For their part, the trade union leadership has now declared its willingness to adopt more moderate policies in new wage negotiations and to accept the principle of labour mobility and the closure of economically obsolete plants.

This line was endorsed at a Communist Party workers assembly in Naples over the week-end by the Communist leader, Sig. Enrico Berlinguer, and the secretary of the Communist-dominated CGIL labour confederation, Sig. Luciano Lama, who first mooted the apparent change in the union's general policy.

Tonight's meeting between Sig. Andreotti and union leaders was promoted in part by the veteran Republican party leader, Sig. Ugo La Malfa, who has been calling for the establishment of a "social contract" along U.K. lines. Sig. La Malfa originally wanted the unions to be included in last Saturday's summit when the main political issues of the crisis were resolved, except for some minor reservations.

Sig. La Malfa has also suggested a freeze on wage increases for an extended period of about two years, and Sig. Andreotti was expected to put a watered down version of this proposal to the unions.

There are, however, doubts whether the union movement as a whole will be prepared to accept its leadership's more moderate line when it eventually comes to renegotiating a number of major national labour contracts.

As for the national employers organisation, it is expected to ask Sig. Andreotti for the highest possible growth rate in 1978 to sustain the economy without risking a payment crisis. Sig. Andreotti has indicated that Italy's growth rate could reach up to 4.5 per cent. in the last quarter of this year, a level which Confindustria would like to refer to the calendar year as a whole.

Meanwhile, Sig. Andreotti's caretaker administration to-day postponed the date for the presentation of the 1978 budget to April 30. The budget deadline had previously been extended to the end of March.

Bombs explode in Turin

BY OUR OWN CORRESPONDENT

ROME, March 6.

TWO BOMBS exploded in a building in Turin over the week-end in what is believed to be an escalation of political violence a few days before the controversial trial of 49 members of the so-called "Red Brigade" Left-wing extremist movement. The target of the bomb attack was a Christian Democrat lawyer, Sig. Roberto Manni.

Last year, the trial was postponed following a wave of terror, including the assassination of a leading Turin lawyer, because the court was unable to constitute a jury.

It has become a recent policy of the "Red Brigade" movement, which is understood to have links with the West German Baader Meinhoff group, to launch terror campaigns in cities where "political" trials are due to take place.

The Turin trial is due to open on Thursday, but again the court has found difficulty in constituting a jury. Nominated individuals have claimed that they are unable to attend for medical or other reasons. Two more members of the jury still have to be found.

A fierce controversy has also erupted following the election of the Secretary of the Italian Radical Party, Sgra. Adelaide Aglietta, on the Turin trial jury. The party secretary indicated that she would stand, although as a parliamentary deputy she could have been exempted from jury service. The Radical Party to-day said it planned to table a motion to life the exemption from jury duty of members of Parliament.

Among the main defendants at the trial is Sig. Renato Carcio, the ideological leader of the Red Brigade movement.

Guatemala poll

The Guatemalan general election was in confusion yesterday as counting was suspended, following charges of fraud, with uncertainty over who was ahead, Reuter reports from Guatemala City. In the latest official results from outside the capital, before counting was suspended, an extreme right-wing candidate, Col. Enrique Peralta Azurdia, was leading in the presidential race with 15,648 votes, compared to 13,215 for the government-backed candidate, Gen. Romeo Lucas Garcia.

New EEC ruling likely on shipyards

By David Buchan

BRUSSELS, March 6.

AN EEC directive on new rules for state aid to the hard-hit shipbuilding sector is expected to be approved by EEC Foreign Ministers to-morrow.

The directive, aimed at modifying the Treaty of Rome's ban on state aid for the duration of the present crisis in this sector, may prove to be an obstacle to the extension of the British Government's special "intervention fund" set up last year. This fund is paid out to British shipyards to allow them to tender competitively with foreign yards.

The large payments made to win last year's big Polish ship order for the U.K. has almost exhausted the initial £65m. in the fund, and British officials here say the U.K. is likely to seek EEC Commission approval to renew the Fund before the end of this month.

But the directive specifically links the giving of national aid to a plan providing for a reduction in shipbuilding capacity and work forces. Officials estimate that by 1980, EEC yards will only have half as many ships to build as in 1975. Unlike most of its EEC partners, the British Government has so far not submitted any such plan for its shipbuilding industry.

Meanwhile, the EEC Commission last week held the first of what will be a series of tripartite meetings with shipbuilding employers and unions, designed to convince them of the need for action on a Community level. The Commission reckons that in the next three years some 60,000 jobs may disappear in the EEC shipbuilding sector, and another 30,000 in related industries.

Undamaged Norwegian tanker sold for scrap

BY FAY GJESTER

OSLO, March 6.

NORWAY'S SHIPOWNERS, hard-pressed by the world shipping crisis, have been cutting losses and selling tonnage at a record rate.

The Oslo Journal of Commerce and Shipbuilding reports that January sales to foreign owners totalled a record 1m. tonnes, and on the week-end came the revelation that during the past few days five tankers comprising 580,000 tonnes had been sold for scrap.

One of the latter, the 207,000-tonne turbine tanker Dyvi Nova, is thought by the authorities here to be the first very large crude carrier (VLCC) undamaged by any accident, to be sold for scrap.

The Oslo Journal, which regularly publishes statistics on the Norwegian merchant fleet, said that a large proportion of the 23 ships sold in January for service abroad went to convenience-flag countries such as Panama, Liberia and the Bahamas.

The Norwegians were disappointed when last month's conference of the Inter-governmental Maritime Consultative Organisation (IMCO) rejected their call for regulation fitting of segregated ballast i ntankers over 20,000 tonnes — an anti-pollution remedy which would have the side-effect of reducing the capacity of the world's tanker fleet and thus possibly curbing the decline in prices of second-hand tankers.

The Dyvi Nova was built in Japan in 1968 and bought abroad in October, 1976, for $8m. It has now been sold to Far Eastern shipbreakers at a reported price of only $3.1m., delivered breakers' yard. The ship had been laid up since its purchase, so, in addition to the loss on the purchase price, its Oslo owners, Jans-Erik Dyvi, will have to meet 16-month laying-up costs as well as the cost of sailing it to the Far East.

Of the other four ships sold for scrap, two belonged to the Reksten group: the 95,300-tonne Sir Winston Churchill and the 99,347-tonne Jorek Trader, both built in 1966 and laid up since 1975. They have been sold to Japanese breakers.

Our Rangoon Correspondent reports: Burma has arranged to buy six seagoing vessels from Norway under a $55m. loan agreed by Norway last November. Terms for the sale are being negotiated by the two Governments.

Land reform row brewing in Portugal

By Jimmy Burns

LISBON, March 6.

THE ISSUE of agrarian reform is returning to the forefront of Portuguese politics, with increasingly uncompromising positions being taken by both Right and Left. The country's leading opposition party the Social Democrats (PSD) has accused the Government of backing down from its legal commitment to return expropriated land to its original owners.

The Communist Party has formed a rival confederation of small farmers as a challenge to the Right-wing Confederation of Portuguese Farmers (CAP)

Parliamentary backing from the PSD for the minority Socialist government last summer led to the passing of a crucial Land Reform Bill which increased the amount of land a private farmer was legally allowed to reclaim in the central and southern grain belt.

In the past few months, expropriated land has been returned at an average of 1,500 acres per week. Since the new alliance government between Socialists and Christian Democrats (CDS) took office in January. However, no further land has been returned.

Malta threatens veto at Belgrade Conference

BELGRADE, March 6.

MALTA HELD out against 34 nations at the European Security Conference to-day, refusing to let the marathon meeting end without a commitment to Mediterranean security.

With all other delegations anxious to close the deadlocked conference, Malta's two delegates threatened to use veto powers to kill a final document agreed by other participants

The Maltese blockade caused high-level irritation among Western, Eastern and neutral groups

The Maltese can keep the conference in session indefinitely under rules which say that nothing can be decided without a consensus of all 35 participants —33 European nations, plus the U.S. and Canada. Malta, with 300,000 people, is one of the smallest countries represented.

The 16 nations of the Western group at the Belgrade meeting and the seven-nation Soviet bloc, in a rare display of unity, approved a four-page final document last week-end after NATO governments abandoned hope of Communist concessions on human rights. The Maltese issue emerged only later.

The final document has already been whittled down to exclude any mention of human rights, the conference's main issue on which East and West are deadlocked.

Malta has insisted on a European-Mediterranean dialogue on security issues since the conference began on October 4.

The Maltese ran into trouble when the West, unable to get human rights into the final document, demanded a bland statement which avoids all contentious issues.

The Western draft, approved by Communist and neutral nations after days of haggling, calls for an expert meeting in Malta to discuss economic, scientific and cultural co-operation.

The Maltese, saying this is too restrictive, are holding out for a broader mandate which would allow an "extended dialogue" also on political issues between European and Mediterranean nations in Valletta in February 1979.

Both West and East have resisted this formula, on the grounds that such a dialogue could drag European governments into an endless discussion of the Middle East, Cyprus and Saharan disputes.

Reuter

Catalan actors go on trial amid protests

By Our Own Correspondent

MADRID, March 6.

THE COURT martial of four Catalan actors charged with offending the armed forces in a show based on the execution in 1974 of a Pole and an anarchist, began in Barcelona to-day. The trial has aroused fierce protests from the Left and from the cultural world and is the first of its kind since the death of General Franco.

The trial was suspended last week after the director of the "Els Joglars" troupe, Sr. Alberto Boadella, and another actor, Sr. Ferran Rane, failed to appear before the court. They are both now in exile in France.

The prosecution asked for prison sentences of three years each for the four actors, who have been on hunger strike in Barcelona's

A new law came into effect on Friday which did away with censorship in the theatre. Previously all scripts had to be submitted for vetting by censors. Now material must still be submitted, but only with a view to grading it as in the cinema.

However, there is still a catch, for the military code of the Franco dictatorship remains in force and this can override civil law.

German printing dispute worsens

BY ADRIAN DICKS

BONN, March 6.

MORE THAN 100 of West Germany's morning newspapers, representing about 70 per cent. of total sales, failed to appear this morning as a result of the combination of strikes and employers' lock-outs that is fast bringing the entire printing industry to a standstill.

The weekly news magazine Der Spiegel was also prevented from coming out, while for the first time the employers' organisations extended their use of the lock-out from newspapers to general printing compaines.

There were reports, apparently inspired by the employers' side, that Herr Josef Stingl, head of the Federal Labour Office, might be asked to act as arbitrator, but no formal invitation has been made. The signs were to-day that both sides were still prepared for the bitter dispute over the introduction of electronic printing technology to continue

Herr Detlef Hensche, a member of the national executive of IG-Druck, the printers' union, said it was ready for peace talks without preconditions, but then added that there could be no question of calling off the selective, limited strikes at individual newspapers. Herr Leonhard Mahlein, the IG-Druck president, hinted that the union might seek solidarity measures from other unions in response to the lock-outs.

Two regional industrial relations courts, meanwhile, rejected cases brought by printers in protest at the imposition of lock-outs at newspapers, and seeking temporary injunctions against the employers.

Munich slips from SPD's grasp

BY JONATHAN CARR

BONN, March 6.

ERR FRANZ Josef Strauss omptly called it "goetzenemmerung"—that is the "twi-ht of false gods." Members of : Bavarian Christian Social ion (CSU) were almost too ey celebrating to hear. Their ididate had just been elected d Mayor of Munich, the varian capital, ending a 30 ir Social Democrat (SPD) hold the job.

he result, announced late on iday, even surprised many mbers of the CSU. They knew ir man, Herr Erich Kiesl, had ood chance against the SPD's didate, Herr Max von Heckel. etheless, it seemed likely that ther candidate would achieve required 50 per cent., thus ing a run-off in a fortnight. fact, Herr Kiesl, a jovial, ily energetic state secretary in the Bavarian Interior Ministry, cleared the hurdle at the first attempt, gaining 51.4 per cent. against Herr von Heckel's 39.1 per cent.

Depression in the local SPD camp was deep, and hardly lifted by news that their party had done better than expected in other local elections in the far north of the country. Six years ago, the SPD candidate, Herr Georg Kronawitter, had become Munich's Lord Mayor with 56 per cent., and his predecessor had gained even more support.

What has gone wrong for the SPD? After all, Munich has been one of the best-run cities in the country. It took advantage of the Olympics in 1972 to spruce itself up, create pedestrian-only zones and gain an underground railway. Its public investment has doubled in the last four years and its debts have fallen—thanks, not least, to the quiet industry of Herr von Heckel, who is city treasurer.

A recent poll indicated Munich citizens were really unhappy about only three things. Two of them were traffic noise and the fouling by dogs of local parks. But the third was more serious—and it has implications for federal politics too.

Munich people were clearly sick to death of the SPD's internal disputes — between an extreme and voluble left wing and the rest. Herr Kronawitter, a centrist, fell foul of the Left, manoeuvered badly and was unable to seek another terms as mayor. Herr von Heckel, although generally seen as to the left of the SPD, tried to heal the party divisions—but too late.

The CSU, already in firm control of the surrounding country, took full advantage of its opponent's weakness. The significance of this will not be lost on the SPD in Bonn, where several left-wingers have recently been voting against their party in Parliament, thereby endangering the Government's majority.

The vote for a new Lord Mayor of Munich was the most important event in local elections throughout Bavaria and the Northernmost provincial state of the Federal Republic, Schleswig-Holstein. Final results are not yet on for Bavaria but the CSU appears to have increased its hold.

By contrast in Schleswig-Holstein, the SPD picked up ground, gaining 40.5 per cent. of the vote against 35.8 per cent. in the previous local elections. But the Christian Democrat Party, the CSU's "big brother," remains the biggest single party in Schleswig-Holstein, gaining 49.2 per cent.

Industrial output up 1.5%

BY OUR OWN CORRESPONDENT

BONN, March 6.

FICIAL HOPES that the est German economy is once ain on an expansive course re strengthened to-day by : preliminary industrial proction figures for January. ese showed an overall inase of 1.5 per cent., and a per cent. rise in the output the capital goods sector.

In a two months' comison, output during Decem-/January rose by 3 per cent. m October / November — n the indicators were still wing the effects of the ual halt in economic vity which occurred last imer. Output of capital ds was up by 5 per cent. n October/November to ember/January.

Activity in the building sector, responding to the Government's medium-term investment programme introduced a year ago, also showed a 4 per cent. increase over the two months. Compared to January, 1977, the output of the chronically under-employed industry was up by a full 11 per cent.

New orders figures for January, which might show how far the month's gains have been consolidated, are not yet available. However, a less favourable trend was shown in the 2.5 per cent. decline in consumer goods production during the month, while the two-month comparison showed this item unchanged.

Successor to Schleyer named

BY OUR OWN CORRESPONDENT

BONN, March 6.

NIKOLAUS FASOLT, a industrialist, was to-day ed president of the Federa- of German Industry (BDI) uccession to Dr. Hanns n Schleyer, who was mur- by terrorists last October. Fasolt (56), could hardly king over in less auspicious mstances, with strikes pre- ng the appearance of a rity of the country's news- s and industrial action ng in the metalworking

ther, it is no secret that gh his company is based onn, Dr. Fasolt's contacts with leading Government figures are limited. In contrast, Dr. Schleyer had close relations with Chancellor Helmut Schmidt.

It is also known that after Dr. Schleyer's death, representatives of several of the country's largest enterprises were asked whether they might be available for the BDI job, but they turned it down.

Despite all this, Dr. Fasolt's appointment has been greeted with general satisfaction, not least by those representatives of medium-sized companies who make up a majority of the BDI membership.

Dr. Fasolt is head of just such a concern—the Bonn Wessel Werk, which makes ceramics, and with a subsidiary, employs about 1,600 people. He is known as a pragmatist and a brilliant linguist.

Dr. Schleyer was also head of the Confederation of German Employers' Association (BDA)—the first time one person had headed both organisations simultaneously. The BDA is expected to elect its acting president, Dr. Otto Esser, a leading figure in the chemicals industry, to the top job in 10 days time.

THE U.S. COAL STRIKE: The President Acts

Doubts remain about impact of low stocks

BY OUR OWN CORRESPONDENT

NEW YORK, March 6.

THERE IS considerable uncertainty about the prospective impact of the continuing coal dispute on the U.S. economy and, in particular, on the 11 states around, and including, Ohio which are most severely threatened by diminishing coal supplies.

The biggest question mark is over whether members of the United Mine Workers' Union will return to work in response to the invocation by President Carter of the Taft-Hartley Act.

Warnings three weeks ago that coal stocks in these districts were running dangerously low at some power stations—and could lead to widespread closures in the car industry in early March—seemed even then to be exaggerated and have yet to be justified. So far, only about 70,000 workers have been laid off because of the coal strike outside the coal industry itself.

Now, however, the general view being presented is that the coal shortages are not causing serious problems for industry, and the Department of Energy is stressing that most utilities in the central Mid-West area, which relies on coal for about 90 per cent. of electricity generation, have coal stocks sufficient for 35-45 days.

But, just as the earlier predictions seemed too pessimistic, and were suspected of being designed to create an atmosphere of crisis in order to provoke Government involvement in the dispute, it is clearly now in nobody's interests to overplay the economic threat, since this only serves to strengthen the position of the miners.

Carter faces hard time on Taft-Hartley Act

BY STEWART FLEMING

NEW YORK, March 6.

PRESIDENT Carter is gambling against history in his decision to invoke the Taft-Hartley law against the striking coal miners. It is a law which U.S. labour leaders see as one of the most repugnant pieces of anti-union legislation now in force and it has an uneven record of success in bringing to an end serious labour disputes. Most important, perhaps, in the three times the law has been invoked against coal miners, it has never been effective.

Even of the law's record in other industries the President can hope for no better than a 50/50 chance of success.

The 1947 Labour-Management Relations Act is best known by the names of its two Republican Party sponsors, Senator Robert A. Taft and Representative Fred A. Hartley. It was one of the most controversial pieces of legislation to go through Congress, and only went into effect over the veto of President Truman.

In 1946, against a backdrop of a disrupted war economy, an outbreak of serious labour unrest with some 5,000 work stoppages accounted for the loss of around 100m. man days of working time.

The national mood turned towards curbing union power and Taft-Hartley was, according to its sponsors, designed to redress the balance of industrial power which they said had been shifted towards labour under the 1935 Wagner Act, a law which trade unionists saw as their "Magna Carta."

These same union leaders saw the Taft-Hartley proposals as opposed to their interests and described it as a "slave labour" law.

Taft-Hartley is in fact a complex web of amendments to the Wagner Act. Among other things it abolished the closed shop which made union membership a condition of employment, prohibited demarcation strikes and secondary boycotts. It also set up the contentious machinery which President Carter has now invoked, for dealing with national emergency situations arising out of labour disputes.

Under the law, the President can appoint a board of inquiry should he believe that a threatened or actual strike or lockout endangers national health or safety. Upon receipt of the report he must make it public and can then direct the Attorney General to petition in court for an injunction against the strike.

If granted, the injunction forbids the starting or continuation of the strike for up to 80 days. For the first 60 days the Board of inquiry is authorised to reconvene and federal mediators are to make efforts to resolve the dispute. In the next 15 days, if it is still not settled, the National Labour Relations Board is required to hold a secret ballot of employees on the management's final offer. If the offer is rejected the injunction continues to have effect. But in the final five days the Government is required to ask the court for a dissolution of the injunction and the President must report to Congress. Unless Congress then acted the strike would be free to begin or resume.

In its 31-year history the strike injunction machinery of Taft-Hartley has been invoked 34 times, but injunctions for 80-day cooling off periods have been issued on only 29 occasions. In half of these situations, settlements were reached within the 80 days and the rest were settled later one way or another.

A fascinating sidelight on the Taft-Hartley procedure is that on the 16 occasions that an NLRB-supervised secret ballot on an employers last offer has been held after a cooling-off period, the employees have always turned the offer down.

On the three occasions Taft-Hartley has been employed in coal strikes the miners ignored or defied injunctions and fact-finding recommendations. In the past few years, particularly in 1976 and 1977 coal miners have regularly defied court injunctions against them under different laws. This is one reason why they are expected to pay little attention if the President decides to invoke Taft-Hartley.

It will take only a few militants in each region to obstruct a return to work. Traditionally miners in Appalachia will not cross a picket line, even one not manned by miners and where no work place dispute is involved.

In the longer term, the President's move to invoke Taft-Hartley could have profound implications for both labour relations in the coal fields and outside them. Union leaders in the U.S. are pressing for labour law reforms some of which would restore union powers taken away by Taft-Hartley. How Congress will look on these proposals in the wake of a damaging coal strike is a question which must already be exercising the leadership of the American Federation of Labour—Congress of Industrial Organisations.

Illinois to give power to Mid-west

By John Leech

CHICAGO, March 6.

AS THE national leader in production of electricity from nuclear power, the heavily industrialised state of Illinois is moving to supply increasing amounts of power to other Mid-western states which rely more heavily on coal.

Illinois is reactivating a number of surplus turbine generators, and last night agreed to put 200 MW into the grids for the city of Cincinnati, Ohio. Further relief supplies will be made available as required.

For Illinois itself, the situation is mixed, but Governor James Thompson has no plans yet to invoke compulsory power reductions. He says that business leaders are responding well to his request for voluntary reductions.

The worst-hit states in the Mid-West so far are Ohio and Indiana, where thousands of workers have been laid off.

OVERSEAS NEWS

China National Congress ends in anti-climax

BY YVONNE PRESTON

PEKING, March 6.

WITH THE closing of China's fifth National People's Congress on Sunday the last official nail has been hammered in the coffin of the great proletarian cultural revolution. To-day the people have taken to the streets in a mass, staged demonstrations celebrating the triumphant conclusion of the congress. The celebrations have an air of anti-climax and the congress itself proved a damp squib.

It adopted unanimously all proposals from the Central Committee of the Party, as it might have been expected to do given the purge of the provincial leadership, the careful preselection of "right thinking" delegates and the dominance over congress proceedings of China's top five party leaders.

It repeated once more a line that has been reiterated for months in the newspapers, promoting economic modernisation and a return to law and order.

It made no real changes to the Chinese leadership, merely confirming Hua Kuo-feng in the premiership and relieving the aged first vice chairman of the Party Yeh Chien-ying of the onerous job of Defence Minister. He takes over the largely ceremonial functions of Chairman of the Standing Committee of the National Peoples Congress.

While a dull Congress produced no real surprises, it has immense symbolic importance as the final act in the constitutional process to ratify major changes of direction in Chinese policy since the death of Mao Tse Tung.

The closure of the Congress coincided deliberately with the 80th anniversary of the birth of Premier Chou En-lai, an event given substantial Press coverage here.

Chou's death in January, 1976 sparked the final cataclysmic round in a decade-long clash between Chinese moderates, who backed economic development as did Chou, and Chinese radicals, who opted for continuing revolution and class struggle even at the expense of China's living standards and any semblance of law and order.

After 11 years of struggling during and since the Cultural Revolution, the moderates have won. As an editorial in to-day's People's Daily put it: China is now to be led by "a group of long tested proletarian revolutionaries headed by Chairman Hua" among them many who fell foul of the rabid youthful Red Guards of the Cultural Revolution.

The goal of the "four modernisations"—agriculture, industry, national defence, science and technology—espoused by the late Premier Chou, have now been written into the Chinese constitution following the political victory of the moderates.

The likelihood of any recurrence of the Cultural Revolution has been removed. It was Chairman Mao Tse-tung who said China should undergo a Cultural Revolution every seven years to preserve revolutionary ideals and prevent a return to the "capitalist road." Presenting the revised constitution of the People's Republic Vice-Chairman Yeh Chien-ying spoke of the extreme importance of combating anarchism, bourgeois factionalism and all acts that impair discipline and unity—a direct swipe at the Cultural Revolution.

Good order, he said, was essential to revolution and production. All factories, villages, schools, army units and government organisations must establish good order, stability and unity. No more are youthful idealists to be unleashed on the society and the bureaucracy.

Mr. Yeh's entire report amounted to a repudiation of the chaos which accompanied the idealism of the Cultural Revolution, when the British Embassy here was sacked among innumerable acts of vandalism.

Liu Shao-chi continues to be repudiated and criticised though most of his contemporaries have flocked back to favour. China's expert political propagandists manage somehow to accomplish the impossible, attacking Liu who was overthrown in the Cultural Revolution while at the same time repudiating the Gang of Four who were instrumental in seeing that he was overthrown for his Rightist views.

The Congress has been unique in one major area, its concern with the highly fashionable international question of human rights. Directing its statements as much at the outside world as at the domestic audience, the Congress has stressed the need for discipline, law and order as essential guarantees of human rights in China. By parading more and more "rehabilitees" and reporting endless Gang of Four atrocity stories in the media, China has publicly admitted violations of human rights on a grand scale in her recent history.

Mr. Yeh said that under the new constitution people are to be free to offer well meant criticisms of their cadres and leaders, within the bounds of obedience to what the party interprets as current Mao Tse-tung thought.

This the regime defines as socialist democracy—"extensive democracy" and a "high degree of centralism."

The constitutional human rights guarantees have been signalled to the world as an assurance that the West and President Carter need not concern themselves with the issue in China.

At the same time the fifth Congress was also unique for its relative openness. The advance announcement of an opening date, the daily official reports, even the published interviews with delegates amount to a departure from past practice of shattering proportions for Peking.

The Government apparently decided that silence led only to speculation about splits, feuds, and instability, all of which have undoubtedly characterised past conferences.

As for splits and differences, the Congress made every effort to leave a firm impression of consensus government.

Sydney Morning Herald

OTHER AMERICAN NEWS

Venezuela demands $134m payment from oil majors

BY JOSEPH MANN

CARACAS, March 6.

THE VENEZUELAN Government has decided that former oil concessionaires operating here prior to nationalisation of the industry in 1976, must pay the Treasury $134.2m. under terms of the nationalisation law, as they relate to the value of assets turned over to the state by the expropriated companies.

Affected by the decision are major international petroleum concerns such as Exxon, Royal Dutch Shell, Gulf, Mobil, Sun, Texaco and other groups whose Venezuelan assets were nationalised on January 1, 1976.

This action on the part of Venezuela is authorised by the Oil Nationalisation Law of 1975. According to the law, the Government would make an inventory of the equipment and other assets which it was to receive from the former concessionaires, and would determine whether those assets were in the conditions stipulated by the nationalised companies. The Government's compensation payment to the foreign concerns was based on estimates of the net book value of the worth of the companies at the time of nationalisation.

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Sr. Valentin Hernandez, the Venezuelan Energy Minister, said that the $134.2m. would be discounted from the guarantee fund now totalling $558m. on deposit with the central Bank of Venezuela.

On nationalising all foreign oil companies, the Venezuelan Government awarded overall compensation of $1.035bn. Of this, $117.4m. was paid in cash and the remainder in Government bonds to mature between 1977 and 1981 and carrying an annual interest rate of 6 per cent. A major share of the indemnity payments was deposited in the Central Bank to form a guarantee fund, which the Government is trying to tap $134.2m.

According to the Energy Minister, the deductions will be used to return equipment in the industry to a good state of repair, or to acquire new equipment. Since 1976, Government teams have been carrying out a complete inventory of the giant oil industry and have been evaluating the conditions of all assets involved. The deductions approved by the Government were based on their assessments of the goods and equipment.

Shah warns on Israel oil supply

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, March 6.

THE SHAH OF IRAN obliquely warned Israel to-day that he might consider reducing oil supplies to the Jewish state if its intransigence jeopardised the Middle East peace negotiations. Israel to be more flexible.

In an interview with a Washington Post correspondent in Tehran, the Shah implied that such action would only be taken as part of a concerted international effort to put pressure on Israel to be more plexible.

Asked if he was ready to reduce oil deliveries to Israel, he replied: "That depends: if there is a general decision by all, for instance, America, to stop your delivery of arms, that kind of embargo, you know, everything is possible." He also referedd to the possibility of the United Nations taking action against Israel, much as it had against Rhodesia and South Africa.

But he emphasised that any such decision "is not in my hands," and would only be part of a general policy agreed to by the U.S. and in the United Nations.

The Shah also promised to abide by his promise to keep oil prices at present levels throughout this year, in spite of the decline in the value of the dollar. He said Iran was hurting "a little less" than other oil producers because "we spend so much money in the United States."

In the interview, the Shah mixed both praise and criticism for the Carter Administration. He clearly thought that the U.S. should be more interventionist in the Horn of Africa to counter the spread of Soviet influence. He implied also that he was negotiating with West Germany and Holland for more frigates and submarines, at least in part out of dissatisfaction with the U.S.

However he added that Government-to-Government relations with the U.S. had never been better, took no particular exception to the U.S. human rights policy and its impact on his domestic dissidents, and suggested that the U.S. had been "positive" in its Middle Eastern efforts, while at the same time implying that more pressure might be brought to bear on Israel.

Fiercest fighting in Ogaden

By John Worrall

NAIROBI, March 6.

THE FIERCEST battle of the Ogaden war is taking place round the important town of Jijiga, which was captured from the Ethiopians by Somali guerillas six months ago. Yesterday's claim that the Ethiopians have retaken the town was denied to-day by the Somalis, who admit however, that there is fierce fighting in the area.

The West Somali Liberation Front (WSLF) news bulletin, Danab, said to-day in Mogadishu that their guerilla fighters had repulsed the Ethiopian offensive which was spearheaded by Russian tanks flown over the hills by giant Russian helicopters described by Somalis as "flying cranes."

Somali sources say the attack came in two waves with more than 100 flights. Some 700 tanks were flown in and hundreds of paratroops. They say the Ethiopian offensive has been arrested at the little village of Genassene, 17 miles from Jijiga but the town is seriously threatened.

The Somalis say the Russian force was "annihilated," but this was doubted by diplomats both in Addis Ababa and Mogadishu. "If a force such as described has been unleashed on the Somalis it seems unlikely it can easily be smashed with the inferior arms and equipment that can be mounted," said one source.

The Ethiopian ambassador in Nairobi said at a news conference to-day that Ethiopian troops were "pressing forward victoriously" after the capture of Jijiga, but he expected "some kicks from the dying horse." He said the Somali troops and guerillas were fleeing in complete disarray.

It appears that the arrival of the Russian "flying crane" helicopters had overcome the difficulties of moving tanks along the narrow road through the mountain passes which has held up the Ethiopian counter-offensive. The Somalis say the entire offensive is almost exclusively manned by Russians and Cubans.

Jijiga, about 60 miles west of the Somali-Ethiopia border, was an Ethiopian tank base and radar installation till it was captured by Somali insurgents six months ago as the climax of their assault into the Ethiopian Ogaden.

Military observers here say that if the Ethiopians have indeed captured Jijiga, the road would then be open for a tank dash across the plains to the Somali border.

● Kenya's concern that Britain should not ally itself with Somalia in the current conflict in the Horn was voiced yesterday by Mr. Daniel Arap Moi, Vice President of Kenya when he met Mr. James Callaghan, the Prime Minister at Downing Street.

Saudi Arabia may consider plan to prevent erosion of oil prices

BY RICHARD JOHNS

SAUDI ARABIA now appears to be ready to consider seriously denominating oil prices in terms of Special Drawing Rights (SDR) to compensate producers for the erosion in purchasing power as a result of the dollar's decline.

Yesterday, as other members of the Organisation of Petroleum Exporting Countries (OPEC) called more vociferously than before for an urgent review of the pricing system Sheikh Abdel-Aziz al Turki, Saudi Deputy Minister of Oil, said: "If the causes of the decline appeared to indicate a continuing fall in dollar values, then OPEC will no doubt take appropriate action to protect the interests of member states as it has done in the past."

In a typically cautious, but significant, interview with the newspaper Al Riyad, Mr. Turki emphasised that there was "no question of abandoning the dollar as the means of payment for oil." But he pointed out that OPEC was studying the relationship between the currency and the International Monetary Fund's SDR's. At the same time he warned against any "precipitate action which might have harmful effects," referring by implication to the health of the economies of the industrialised countries and the U.S. in particular.

At the weekend, Sheikh Mohammed Ali Abdul-Khail, Minister of Finance, also supported the retention of the dollar as the currency for payments saying that: "Oil producers have no choice but to support the dollar and its persistent price weakness."

The issue, however, is about the unit of account. Despite its policy of moderation on the oil prices front and commitment to the U.S. (which is the kingdom's major trading partner), Saudi Arabia cannot ignore the mounting pressure for a special conference to discuss the erosion in purchasing power of oil revenues.

Kuwait, which last week said that it would call such a meeting if the slide continued, calculates that its losses because of the currency's depreciation were $1m. daily. After a Cabinet session on Sunday, Mr. Abdel-Aziz Hussein, Minister of State, said: "Kuwait is upset by the tangible losses it is incurring as a result of the dollar's slippage."

The calculation is apparently based on the present value of the dollar against the State's own secret "basket of currencies" (used for adjusting the exchange rate for the dinar) compared with the beginning of 1977. For the last calendar year, when its oil revenues would have been in the region of $8.5bn. Kuwait's loss of purchasing power was officially calculated at 5.4 per cent.

Reuter adds from Seoul: The fall in the value of the dollar will not prompt Saudi Arabia to take any action which might damage the U.S., according to Saudi businessman Adnan Khashoggi.

Asked in an interview with Reuters here if Saudi Arabia might seek a non-dollar pricing system for its oil, Mr. Khashoggi replied: "The United States is very important for our security and we are not going to be a damaging force to the United States."

Mr. Khashoggi, who is chairman of the Triad group of companies, said Saudi Arabia has lost a lot in foreign exchange earnings because of the dollar's fall.

"But Saudi Arabia takes a very seriously, positive position: We do not want to destroy Western economies, that's why we sacrificed an oil price rise," he added.

Mr. Khashoggi said, however, the U.S. should help its industrialised allies, whose competitiveness in world trade is suffering because of the dollar's decline.

"They (the U.S.) should not be afraid of us, they should be afraid of their allies," Mr. Khashoggi said.

● Israel is not reacting officially to the possibility that Iran may cut its oil supplies in the event of an international embargo, David Lennon writes from Tel Aviv.

Privately, officials are not attaching much significance to the Shah's remarks in an interview with the Washington Post. It has been repeated here time and again that no hints of an oil embargo have been received from Iran.

IMF report critical of Israel

By L. Daniel

JERUSALEM, March 6.

THE ISRAEL Government's failure to follow up its so-called "new economic policy" and which included the floating of the Israel pound in October with anti-inflation measures, has been strongly criticised in a report prepared by an IMF mission following its visit to Israel a month ago.

The report is highly critical of the 12 per cent. cost-of-living increment paid to all workers and salary earners last January. It is also unhappy about the proposed large budget for 1978-1979 and urges the Government not to encourage renewed growth until inflation has been brought to under 25 per cent. a year.

The report followed Israel's application for a $600m. loan from the IMF, which is unlikely to be forthcoming unless the Government adopts the restraint urged by the Fund.

The acid test of the Israel Government's ability to withstand strong pressure for wage increases will come in the next few weeks. The country is already in the throes of several major strikes. The merchant fleet has been paralysed for six weeks and the maintenance men of El Al Israel Airlines downed tools for 30 hours on Friday and may come out on a general strike within a fortnight. Postal workers declared a wild-cat 24-hours stoppage yesterday, paralysing maintenance, mail delivery and most broadcasts. Government-employed psychologists and teachers are also threatening to walk out.

The Trade Union Federation has asked for 10-15 per cent. rises in the new wage contracts to go into force from April but the Manufacturers' Association opposes any wage increases out of proportion to productivity. So far there have been no strikes in private industry, with practically all the wage demands coming from the public service sector.

Yen hits new peak in Tokyo

BY CHARLES SMITH

TOKYO, March 6.

THE YEN hit a new peak on the Tokyo foreign exchange market to-day, closing at one dollar equals Y235.20, up almost two points from Friday's closing rate of Y237.15. The Bank of Japan intervened heavily during the early part of the day buying an estimated $400m. during the morning.

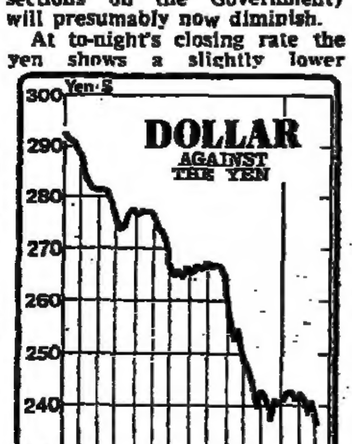
Later, however, it seemed to have decided to allow the rate to find its own level. The market was extremely busy with a total of $825m. changing hands, one of the heaviest turnovers ever recorded.

To-day's sharp rise reflects the weakness of the dollar on other international markets plus the fact that, in recent weeks, the yen exchange rate has been more stable than that of other strong currencies such as the D-mark and the Swiss franc.

The yen hit a peak against the dollar in early January but then slipped back to a slightly lower level while the D-mark continued to gain ground.

This would seem to have been due to a conscious effort by the Japanese Government to hold the rate steady while the 1978 budget was being piloted through the Diet (parliament). Since the budget is due to be voted later this week pressures on the Bank of Japan to hold the rate steady (from other sections on the Government) will presumably now diminish.

At to-night's closing rate the yen shows a slightly lower



margin of appreciation against the dollar since last autumn's International meeting (when the dollar began its present slide) than either the D-mark or the Swiss Franc. It is being argued in Tokyo that it would be natural for the Yen to "catch up" with these two currencies and that, if it fails to do so, Japan may come in for a new bout of criticism from Western Finance Ministries and central banks. Parity of appreciation between the yen and the D-Mark, taking the date of the IMF meeting as a starting point, and with the dollar at its current parity vis-a-vis the D-Mark, would produce a yen-dollar rate of one dollar equals Y231.84.

If the Smithsonian exchange rate settlement of December 1971 is taken as a basis for comparison the yen would have to reach about 180 to the dollar in order to attain parity of appreciation with the D-Mark. It is obviously not likely to rise as far as this in the immediately forseeable future but a moderate gain, to a parity of one dollar equals Y230 or thereabouts, is regarded in Tokyo as by no means impossible.

A rise to this level would be regarded in Japan as dangerous because of its possible effect on domestic business confidence, which has been gradually recovering after the blow dealt to it by last autumn's sharp appreciation of the yen rate. It is not suggested, however, that, at Y230 to the dollar, Japanese exports would be much less capable of competing

Arafat flies to USSR for talks on Middle East

By Ihsan Hijazi

BEIRUT, March 6.

A DELEGATION from the Palestine Liberation Organisation (PLO) under chairman Yassir Arafat, flew to Moscow to-day for what Palestine sources called "strategic talks" on the Middle East with Soviet leaders.

A member of the team, Mr. Zuheir Mohsin, said he expects the talks to result in an increase in Soviet political, material and moral support to the guerilla movement but he did not elaborate. Mr. Mohsin is the head of the PLO's military department and leader of the Syrian-sponsored commando group, As Saiqa.

Washington pressure on Chile over assassination

BY OUR OWN CORRESPONDENT

WASHINGTON, March 6.

THE U.S. is now putting heavy pressure on Chile to hand over two men, one reported to be a U.S. citizen, who are believed to have been involved in the assassination in 1976 in Washington of Sr. Orlando Letelier, a leading exiled opponent of the military junta.

Some sources ahve suggested that the U.S. has gone so far as to threaten to withdraw its ambassador from Santiago, if the Chilean Government does not co-operate, but the State Department will neithe confirm nor deny that this is considered to be a viable option.

Two weeks ago, a U.S. court asked its Chilean counter-part to question the two men. Chilean authorities agreed to co-operate, but said that no records of the two men belonging to any part of the Chilean Government or armed services could be found.

Over the week-end, however, El Mercurio, a Chilean newspaper which has strongly supported the bilitary junta, published pictures of the two men. One has been identified as a member of the armed services, while the other is believed to be a U.S. car mechanic, who has lived in Chile for several years and who was reported to have boasted of his involvement with extreme right-wing factions

U.S. criminal investigators have for some time been convinced that the assassination was planned by officials from DINA, the Chilean secret police, though carried out by others—almost certainly extreme right-wing Cuban exiles. The two men being sought visited the U.S. at least twice in 1976, it has been ascertained.

The families of Sr. Letelier and his American woman assistant, who was also killed by the car bomb, last week conferred with senior State and Justice Department, and White House, officials. Afterwards, the expressed optimism that the Administration now seemed intent on bringing the assassins to justice.

Governorship bid by former U.S. Attorney

By Our Own Correspondent

WASHINGTON, March 6.

MR. DAVID MARSTON, the controversial U.S. Attorney from Philadelphia who was removed from his post by the Carter Administration this year, this morning announced his candidacy for the govership of Pennsylvania.

The decision by Mr. Marston, who is a Republican, comes as no surprise. Even before he fleetingly became a national figure as a result of his conflict with the present Democratic government in Washington, observers of his performance as the U.S. Attorney in Philadelphia had suggested he was laying the ground for a state-wide political career.

At a news conference this morning Mr. Marston said he had signed a pledge last January to the effect that, if he were allowed to serve out his full four-year term as U.S. Attorney — he was appointed by President Ford in 1976 — he would renounce political ambitions for that period. But he said that President Carter had rejected this offer.

Mr. Marston caught national attention at the time of his removal when he charged that he was being dismissed at the request of two Pennsylvanian Democratic Congressmen whom he was investigating for alleged corruption. The President acknowledged that one of these, Congressman Joshua Eilberg had spoken to him about hastening Mr. Marston's departure, but denied that he was removing Mr. Marston so as to protect a potential congressional ally.

Since the Marston affair broke in January, there have been several subsequent allegations about the conduct of the two Congressmen in question, with most of the attention focussing on Mr. Daniel Flood. A former aide to Mr. Flood, testifying under a grant of immunity from prosecution, has painted a picture of widespread payments ranging as far afield as Haiti and as close to home as Philadelphia.

NY offshore banking plan

BY JOHN WYLES

NEW YORK, March 6.

THE FIRST step towards creating an offshore banking capability in New York will be taken on March 16, with the start of hearings into the proposal by a State Legislative Committee.

While the idea had its origins in a background paper prepared by Citibank last summer, it has been taken up and developed by the New York State Bankers' Association. The plan's supporters are arguing that it could regain for New York its former glory as an international banking centre. It could win back some of the business which has been lost over the past 15 years to London and new offshore banking centres such as Singapore, Hong Kong, the Bahamas, the Cayman Islands, Panama and Bahrain.

In essence, the idea is that U.S. and foreign banks should be able to open international branches in New York handling purely international business—an idea called—"a monetary free trade zone" by Citibank.

The banks say that in order to operate such a scheme effectively, changes in taxation and regulatory requirements would have to be made. Specifically, income from the proposed international branches would need to be free of state and city taxes while the Federal Reserve's regulations on foreign deposits would also need to be changed. In particular, the international branches would have to be free of the requirement for 4 per cent. of time deposits and 16 per cent. of demand deposits to be kept in non-productive reserves.

The New York State Banking Association feels that the prospects for achieving the changes in local taxation requirements are extremely good, not least because the plan offers the prospect of increasing revenues through enlarged employment in banking. There would be little compensating loss, it is said, because very little revenue is currently derived from international banking operations since more than 85 per cent. of the banks' international assets are overseas.

U.S. COMPANY NEWS

Beatrice Foods bid for Tropicana Products; Canadian Pacific may quit Quebec; Puerto Rico seeks Corco filing transfer—Page 32.

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WORLD TRADE NEWS

Poles to get $30m. steel credit

THE EXPORT Credits Guarantee Department has guaranteed repayment and funding for a $30m. line of credit that Lloyds Bank has made available to Bank Handlowy w Warszawie of Poland.

The loan will help to finance contracts awarded by Stalexport and other Polish buyers to United Kingdom manufacturers for finished and semi-finished steel products.

To qualify under the terms of the loan a contract must have a minimum value of $240,000 and be placed by March 2, 1979. Exporters receive 85 per cent. of the contract value from the loan.

German-Turkish lorry factory

Daimler-Benz of Germany and the Sabanci Group of Turkey have signed a letter of intent to establish a joint-venture truck company in Turkey, Metin Munir writes from Ankara.

If the Government ratifies the project, Daimler Benz will hold the majority equity in the company, capitalised at TL1,200m. ($48m.), and Sabanci and the Akbank will be the principal local shareholders. The company will eventually make lorries, mini-lorries, pickups, heavy-duty lorries and lorry tractors, largely for the Turkish forces.

Greece buys $16m. Soviet machinery

Greece is to purchase mechanical equipment worth $16m. from the Soviet Union in exchange for Greek agricultural products, under a special trade agreement approved by the Economic Committee, Our Own Correspondent writes from Athens.

The deal concerns equipment such as excavators, roadrollers and boring machines for the Ministry of Agriculture. Greek products to be bartered include tobacco, sultanas and citrus fruits. Greece imported Soviet goods worth almost $200m. last year but exported only half that.

Proposals offered for $2bn. Paraguay dam

Fifteen construction companies and consortiums from Europe, Latin America, Asia and the United States have submitted proposals for a 2.7m. kilowatt dam planned by Argentina and Paraguay on the Parana River between them, AP-DJ reports from Buenos Aires. Cost of the Yacyreta Project is estimated at $2.5bn. An Argentina-Paraguayan commission is to decide within six months which companies and groups will be asked to submit formal bids. Work is to start in 1980 and the two countries are negotiating for financing from the World Bank and the Inter-american Development Bank.

Boeing and Fokker seek Brazil order

Boeing and VFW Fokker are competing to replace a fleet of ageing Lockheed Electra airlines operated by a pool of four Brazilian airlines for shuttle flights between Rio de Janeiro's Santos Dumont Airport and Sao Paulo, Diana Smith writes from Rio. The Electras have been in service for 15 years and will have to go into mothballs soon. At least 8 to 10 new jets will be needed to replace them.

Development cash up

Britain is to contribute £25m. to the United Nations Development Programme this year, Mrs. Judith Hart, Minister for Overseas Development, has announced. That is a quarter more than Britain's contribution last year.

Australian seminars

A series of one-day seminars to encourage exports to Australia will be held in London and main regional centres next month and May, sponsored by the Australian-British Trade Association in conjunction with the British Overseas Trade Board. The London seminar will be opened by Mr. Edmund Dell, Secretary of State for Trade, at the Inn on the Park on April 26.

More oil for Israel

Mexico and Israel have closed a three-day economic meeting with a proposed increase in Mexican oil sales to Israel from 20,000 to 30,000 barrels daily, AP-DJ reports from Mexico City. Israel will sell Mexico 100,000 tons of phosphate annually for fertiliser.

...ping £4m. plan

In a joint venture with Uren Construction Engineering of Lagos, H. O. Andrews of Leeds is to begin work shortly on a £4m. contract for laying a 138km water main in Ogun for the State Water corporation.

Hamburg yard set to sign Iran submarine contract

BY JONATHAN CARR

BONN, March 6.

WEST GERMAN shipbuilders appear on the verge of gaining a big submarine contract from Iran and are hoping for further large orders for military vessels from the same source.

Howaldts - Werke - Deutsche Werft (HDW) of Hamburg and Kiel is understood to be close to a deal under which it will supply six submarines to Iran, an order worth more than DM1bn.

If it goes ahead, further orders for this and other German companies will, it is believed, be forthcoming. Under discussion are more submarines, minesweepers and, against strong Dutch competition, the sale of eight frigates.

Such an extensive deal would be a great boon to the German shipbuilding industry, badly affected by unemployment and short-time working and loudly complaining about the state subsidies received by competitors in other European countries.

The official body in Bonn responsible for vetting exports of military material has made clear in advance that it would not oppose the planned submarine deal. That is taken to mean that there would be no opposition to exports of the other vessels either, if the contracts were gained.

The West German rule has always been that there should be no military exports to areas of tension. By comparison with deliveries from Britain or France, there have been few German military exports to any other areas.

The Bonn stand has had historical and moral grounds but also well-founded business reasons. The Germans have been able to build up their exports of civil goods unhampered by military involvement.

But there have been signs that although the rule on military exports has not been abandoned, it is being interpreted more flexibly. The Iran deal would be further evidence of that.

The submarines to be sold are of the 209 class—more than 1,000 tonnes, a speed of 21 knots and a crew of more than 30. The Iranians are interested in German training for the crews and a delegation from the Bonn defence ministry was in Teheran last week to discuss that.

The vessels are not in use by the West German navy. But they are being delivered abroad not only to Greece and Turkey but also to several South American countries. Late last year the Bonn cabinet approved an export credit guarantee for delivery of a submarine to Argentina, a decision that caused some surprise in view of the disagreement between Germany's Nato ally, Britain, and Argentina over the Falkland Islands.

Library for Tehran will cost $500m.

BY ANDREW WHITLEY

TEHRAN, March 5.

THE DESIGN contract for what will be one of the largest libraries in the world, the Pahlavi National Library in Tehran, has been awarded to a West German firm of architects.

After an international competition attracting more than 3,000 entries, the award for the $500m. project was given to the Hamburg firm of von Gerkan Marg and Partners.

The library is intended to be the centrepiece of a big new town centre development for the Iranian capital. But prospects for the development look bleak, as Government funds have been withheld recently as part of a drive to control State expenditure and inflation.

India to spend £450m. on sugar industry

By K. K. Sharma

NEW DELHI, March 6.

AN INVESTMENT of R7.7bn. (about £450m.) is to be made in the Indian sugar industry in the next few years to raise its production capacity from the existing 54m. tonnes to 68m. tonnes in 1983.

Of the new investment, R6.6bn. will be for creating new capacity while R1.1bn. will be spent on modernisation of existing plants.

This is based on estimates by the Indian Sugar Development Council that consumption of sugar in the country will go up to 58m. tonnes by 1983 while the rest will be needed for exports and building up buffer stocks. Sugar cane requirements by 1983 are estimated at 185m. tonnes.

The council has commended the Government for raising prices of sugar last week to improve the profitability of the industry as well as for deciding to export 650,000 tonnes of sugar this year.

France narrows Bonn deficit

PARIS, March 6.

FRANCE'S trade deficit with West Germany narrowed to Frs.10.7bn. last year from a deficit of Frs.13.1bn. in 1976, figures released by the French-German Chamber of Commerce show.

The 1977 deficit accounted for practically all of France's overall deficit of Frs.11.07bn.

French imports from Germany rose 8.3 per cent. last year to Frs.64.1bn., while French exports to Germany increased 15.7 per cent. to Frs.53.4bn.

Principal French imports included machinery worth Frs.11.67bn., motor vehicles Frs.8.54bn., steel Frs.6bn., electrical equipment Frs.4.6bn., precision and optical instruments Frs.2.1bn.

The slowdown of German sales to France is attributed to the stagnation in demand for capital goods linked to slower economic growth and the elections, and to the appreciation of the Deutschemark which affected consumer goods, the Chamber said. AP-DJ

New power plant for Jordan

By Rami G. Khouri

AMMAN, March 6.

THE GOVERNMENT here has approved plans to build what will eventually become Jordan's biggest power station at the southern port of Aqaba. Tenders will be put out this year for stage one of the project, covering three units of 33MW each.

The station's first phase is expected to cost around $70m. and will be planned with future expansion of up to 1,200MW in mind.

The Aqaba station, like the new King Hussein power station at Zerqa, near Amman, that is having its capacity tripled now to a total of 197MW, will be the steam-powered turbine type.

Consultants for the Aqaba power station are Preece, Cardew and Rider of Great Britain.

Swedish car sales drop by 40%

By John Walker

STOCKHOLM, March 6.

LAST YEAR'S downward trend in the sale of new cars in Sweden has become one of the industry's sharpest declines on record. Sales in the first two months of this year dropped by nearly 40 per cent. over the same period in 1977.

According to the Swedish Association of Motor Manufacturers and Retailers, sales in January amounted to 12,736 cars compared with 20,016 in January 1977, while in February this year the figure amounted to 13,717 units compared with 22,599 in the same month last year.

Continued increases in prices and the general upward trend in the inflationary spiral are the main factors in forming sales resistance, especially the rise in fuel costs.

Both the Swedish car producers, Volvo and Saab, noted decreases in sales in the first two months of 1978 when compared with the same period in 1977.

Volvo sales in the January-February period this year were down to 6,265 units compared with 10,413 in 1977, while Saab sales dropped to 3,711 from 5,860 cars.

For Volvo the drop meant a reduction in their market share from 24.4 per cent. in the first two months of 1977 to 23.6 per cent. in the same period this year.

DEVELOPING COUNTRIES

U.K. studies new competitors

BY DAVID HOUSEGO

THE U.K. GOVERNMENT is expecting by the middle of next month to have in its hands the first study carried out in Whitehall on the potential export capacity and competitiveness of newly industrialised countries.

The study is the initial phase in a wider review embracing several departments to help determine future policy in multilateral trade negotiations (including GATT) and in assisting industry to accommodate changes in demand and technology.

The work has been undertaken in response to pressure for protectionist measures to safeguard jobs. It comes when a number of ministers have been publicly arguing the case for industry to adjust to a higher level of imports from developing countries.

However, there is considerable scepticism in Whitehall as to whether there is sufficient statistical material available to draw any but the most general conclusions.

Four approaches are being used in the study which embraces both developing countries as well as East European and Mediterranean competitors:

- An analysis of the pattern of imports into Britain with a view to extrapolating future trends. At the minimum it is hoped to discover whether penetration of the British market is likely to take place across a broad range of goods or to be concentrated in particular areas like cutlery, footwear or textiles.

Whitehall is looking for help in this part to parallel research being undertaken in the OECD. An attempt will also be made to assess the impact on Britain's trade account of competition from newly industrialised countries in third markets and of the effects of their own import substitution programmes.

- An examination of the comparative advantages developing countries enjoy. It has been found unfruitful to base this on the criterion of labour intensity as developing countries rapidly build up skills in manufacture and design. The emphasis is on areas in which developing countries have established their own capacity to innovate and adapt products to western markets thus increasing their competitiveness
- Making use of World Bank reports and specialist studies on particular countries to shed light on their investment intentions and on the efficiency of their industries.
- Reviewing the possibilities of technological changes that could restore the competitiveness of Western industry. Examples quoted are the transformation of transistor manufacturing by advances in micro circuit design and the development of a capital intensive footwear industry in the United States. Forecasting technological change is recognised as the most difficult part of the exercise.

Amongst the further difficulties in any study of this type, Whitehall concedes, is that import figures are already distorted by past quotas against developing country exports. Also attempts to discover investment intentions run up against the barriers of commercial secrecy.

For while newly industrialised countries would like forewarning of protectionist measures to avoid investing in unnecessary capacity, they are not anxious to bare their plans to competitors.

On the other side of the coin Whitehall is anxious to know the pace at which developing countries will be importing from the West. There is concern that countries like Brazil, India and Korea are increasing their foreign exchange reserves—on a similar pattern to Japan—rather than their imports.

This reflects both a desire to protect their own industries and to cushion themselves against another unexpected blow to their balance of payments such as the rise in oil prices.

Policy decisions are constrained by a number of factors. Foremost among these is that the pace at which assistance can be provided to help industry to adjust to developing country imports is strictly limited. Thus in practice there are strong doubts as to whether "temporary" protectionist measures as provided for in the safeguard clause of GATT will be sufficient against a strong competitive challenge.

Aid for Sudan project

BY ALAN DARBY

...S Seafoods of Grimsby is to undertake a survey of Sudan's Red Sea shrimp resource under an agreement signed between Sudan's Ministry of Agriculture and Britain's Ministry of Overseas Development.

The £500,000 contract between ... and ODM is expected to be signed this week following completion of the negotiations in Khartoum between Britain and the Sudan Government.

The survey will be financed from Britain's existing aid commitment to Sudan which stands at £3m. per year plus a grant of £14m. announced in January.

ODM fisheries experts first found shrimp in the Tokar Delta, 100 miles southeast of Port Sudan, in June 1975. Initial evidence suggested a possible annual catch of 1,500 tons.

The Ross-ODM survey is to evaluate these findings and to determine whether there is enough shrimp off Sudan's coast to establish an export industry employing a modern fleet of trawlers and shrimp processing factory to be based at or near Port Sudan.

HOME NEWS

Shortage of Ulster business projects

By Our Belfast Correspondent

THE STATE-FUNDED Northern Ireland Development Agency cannot find enough commercially viable projects in which to invest the £40m. it has available, Mr. Dennis Faulkner, the chairman, said yesterday.

"There is no shortage of money," he said. He would like to see available funds committed in worthy, job-generating projects and then would gladly go back to the Government to argue for more.

The agency, which presented its long-awaited first annual report, is trying to rid itself of what Mr. Faulkner called "the image of a bank of last resort."

It was set up in May, 1976, with funds of £50m. to succeed the *former Northern Ireland Finance Corporation*, but is anxious not to be seen as a saviour of lame ducks.

"Our remit from the Government is clear. We can only help projects which are judged to be commercially sound," Mr. Faulkner said.

In many cases, companies were waiting until they were in difficulties before getting in touch.

The agency now was involved in 30 companies in Ulster. It had created about 600 new jobs and maintained nearly 4,000 *others.*

The first annual report, which shows a £2.6m deficit for the 11 months to March 31, 1977, was delayed while the agency tried to agree with the Northern Ireland Department of Commerce how certain liabilities inherited from the Finance Corporation were to be allocated.

Beecham plans £41m. expansion in U.K.

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE Beecham Group is to invest about £41m. over the next three years in expanding its pharmaceuticals operations *in Scotland and southern* England.

About a third of the capital expenditure will be on a new chemical plant at Irvine, near Glasgow. The company has already invested more than £25m. at this site since 1970 on penicillin G and chemical production units.

The new plant will produce new chemicals coming from Beecham's expanding research and development programme. This has increased significantly in the past four years, reaching £19.4m. in 1976-77, with a further increase of 25 per cent. this year.

The remaining two-thirds of the U.K. investment package will be used to modernise and re-organise factories at Worthing and Crawley, in Sussex.

Vaccine

At the larger Worthing factory, the process development facilities will be expanded and a new allergy vaccine unit built.

This factory has been repeatedly expanded since it first became operational in 1961 and much of the investment is to rationalise earlier developments to increase efficiency.

Outside the U.K., Beecham is also investing £11m.-£12m. in a pharmaceuticals plant at Ballycaseymore, near Shannon, in Ireland.

This project has been held up by planning delays and has been considerably scaled down from the plant first envisaged. It will now be used for formulation and packaging rather than the production of bulk compounds.

In 1976-77, Beecham Group capital expenditure amounted to about £29m. worldwide, but this total does not include research and development investment or expenditure on acquisitions, such as the $82m. purchase a year ago of Calgon, the consumer products subsidiary of Merck and Co. in the U.S.

Leyland revamps Europe sales

BY STUART ALEXANDER

LEYLAND Truck and Bus has taken over direct control of commercial vehicle sales in Europe from Leyland International and is likely to take over African and Australasian sales soon. Cars division made a similar move last month.

The plan to strip International of nearly all sales responsibilities *but to leave the division* with control of overseas manufacturing plants was announced recently by Mr. Michael Edwardes, Leyland chairman.

The Truck and Bus division is also thought to be fighting to take over export sales of Sherpa vans and Land Rovers from Leyland Cars and Land Rover.

This struggle is bound up with other issues such as the transference of Sherpa van manufacture from cars to truck and bus division.

Under the new truck sales arrangement, Mr. R. E. Johnson, operations director of Truck and Bus in Leyland International, will now report to Mr. Allen Russell, group marketing director of Truck and Bus. He will, however, keep his existing Solihull-based organisation and will continue his executive responsibilities for Leyland in Denmark, Benelux and Germany.

The company hopes to extend its sales in Europe, particularly in Germany and Italy. Mr. Bert Lawrence announced in Amsterdam recently: "Leyland's European companies are only at the beginning of a programme which will involve increasing the number of markets where Leyland commercial vehicles are sold.

"This, in turn, will involve building up a strong and professional dealer network across Europe."

Leyland exports between 50 and 60 per cent. of its total truck and bus production which is now running at more than £500m. a year.

Major markets are Europe, Africa, Australia, and Central and Southern America, as well as a small presence in the Middle East. It is also part-owner of a manufacturing plant in India.

Survey hits at 'snob' image of managers

Financial Times Reporter

THE BRITISH Institute of Management replied yesterday to accusations of class consciousness and an old school tie image among British managers.

According to the BIM, more than half of British managers were educated at grammar school and 60 per cent. of them had started work by the age of 17. The institute bases its assertion on the findings of a survey to be published next month of 10 per cent. of its 57,000 members.

The accusations of snobbery among managers came in a survey of 200 chief executives in *six European countries* carried out by the magazine, Chief Executive Monthly, in conjunction with Management Centre Europe, the European arm of the American Management Association. Although only 19 per cent. of British managers attended public school; "you still have this Beefeater and castle type of image," said Mr. Roy Close, director general of the BIM.

Half of the managers surveyed had gone on to further education, of which a high proportion took a part-time sandwich course. The most common subjects studied by British managers were: engineering, science, economics, mathematics and business management.

Mr. Close pointed out that although the survey of European executives had found British managers "too conscious of social class to motivate their workers," the BIM's own study found that 70 per cent. believed in increased employee participation, which they believed would benefit their companies.

At the top level of management however, the BIM found twice as many of its members had gone to public school (38 per cent.) than had in the whole survey. And of those who had gone to university 27 per cent. had gone to "Oxbridge."

Qantas chief criticises cheap flights plan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LAKER AIRWAYS plans for new cheap-fare services between the U.K. and Australia have been criticised by Sir Lenox Hewitt, chairman of Qantas.

Commenting in Sydney on the plans to start a weekly DC-10 jet flight between London and Sydney, and another to Melbourne, Sir Lenox said that these amounted to "a licence for anyone to make money out of the Australian people but of absolutely no benefit whatever to the great majority of Australian travellers.

"Mr. Laker's claims that 400 more overseas visitors a week would revolutionise Australia's tourist industry, which already is host to more than half a million a year, is simply ludicrous."

Qantas was concerned with not just providing lower fares for a handful of people from Sydney and Melbourne to London, but lower fares from every international airport in Australia to every overseas port where Qantas flew.

"These are the proposals we have made to the Australian international civil aviation policy review. Quoting hypothetical fares that may or may not be approved is misleading to the public," Sir Lenox said.

"Understandably, the Minister intends to examine all proposals and will not be pushed into decisions on individual fares in isolation from such vital and complex questions as their availability to Australian travellers, frequency of services and the effects for the countries on the routes."

Heathrow inquiry may take months

THE public planning inquiry into the proposed fourth passenger terminal at London's Heathrow Airport opens on May 13 at County Hall, Westminster, with Mr. Iain Glidewell, QC, as the inspector, writes Michael Donne.

The inquiry will be one of the biggest of its kind, and could last for several months, with *many objections to the proposed* terminal being raised by local authorities round Heathrow and by environmental and other groups.

The British Airports Authority has asked for the proposed terminal to raise Heathrows passenger capacity from the present 30m. a year to 38m. a year by the mid to late 1980s. The fourth terminal is part of the Government's strategy to improve London's airports for the anticipated traffic growth by 1990.

At the same time, however, the Government is conscious of the environmental and other problems, such as traffic congestion, round Heathrow.

Mr. Peter Shore, Environment Secretary, decided last year to *hold the public planning inquiry* to ensure that every interested party could make its views known before final decisions are taken.

If built, the new terminal would affect road traffic to the south of Heathrow, and also affect employment, housing and public services.

Its appearance is also considered important by the Department of the Environment.

Carrefour launches cut-price grocery scheme

By Elinor Goodman, Consumer Affairs Correspondent

CARREFOUR, the British hypermarket group, is importing an idea to this country pioneered by its associate company in France, for selling unbranded groceries at prices well below those of the leading brands.

It is launching a range of "brand free" groceries which it claims will be 10 to 30 per cent. cheaper than heavily-advertised brands selling in other supermarkets and appreciably cheaper than the same brands in its own stores.

In the 1960s, many of the big supermarket groups, like Sainsbury and Tesco, started selling products under their own names as a cheaper alternative to the advertised brands. The "brand free" idea is a development of this concept. The difference is that the new products do not feature the Carrefour name prominently. Instead the products are merely labelled with a generic description of their contents—"Digestive Sweetmeal Biscuits," for example.

The idea was first introduced by the Carrefour chain in France and now these "*produits libres*" account for about 20 per cent. of the company's sales in some sectors. They have also been imitated by other French retailers.

Quality

Carrefour, which has never sold products under its own label, is describing the new range in its advertisements as "as good as the best but less *expensive.*" Copies of the product specifications will be displayed in the stores to ram home the message that the quality of the unbranded products is as good as that of the advertised brands.

The company, which opened its first hypermarket in Britain five years ago, is shortly to open its fifth British store. It is able to undercut the prices of most of its competitors by maximising the economies of this kind of large scale retailing.

A box of 24 whole wheat breakfast biscuits will sell for 23½p as against 26p for Weetabix in Carrefour and 27p in a rival supermarket, while a packet of unbranded cream crackers will sell for 11p in Carrefour compared to 12½p for Jacobs crackers in another supermarket.

The range does not, for the moment, include all the big selling items stocked by a supermarket. Carrefour says this is because in sectors like soup and instant coffee it was *unable* to get the right quality at the right price.

Ombudsmen keep check on councils

IN MANY cases where the local ombudsmen in the Commission for Local Administration have found maladministration, the authorities now have revised their procedures even if redress for individuals has been or "sometimes less than satisfactory."

This is stated in an appraisal of the work of the English commissioners, published today by the Royal Institute of Public *Administration.*

The authors of the report, Norman Lewis and Bernard Gateshill, lecturers in law at Hull University, add: "The very existence of the commission has caused a number of local authorities to review and reform their procedures for receiving complaints."

Lack of direct access in the first instance to the commission remains a disputed issue and the report believes there is evidence of a prima facie case for a change.

The authors express worry that the pattern of complaints seems to indicate that the commission is being used more by the middle classes than by the less well-off.

The Commission for Local Administration: A Preliminary Appraisal. Royal Institute of Public Administration, Hamilton House, Mableden Place, London, W.C.1: £2.20.

Complaints Procedures. Local Ombudsman, 21 Queen Anne's Gate, London, S.W.1.

One council urged for London roads

BY DAVID CHURCHILL

MR. WILLIAM RODGERS, Transport Secretary, was warned yesterday that the divided responsibility for London's road network was harmful to industrial development in the capital.

The warning came in a letter from Lord Porchester, chairman of the South-East Economic Planning Council which represents local authorities and industry in that region of England.

At present responsibility for London's roads is divided between the Department of Transport and the Greater London Council. "The wide divergence in funds available from the two bodies results in some absurd unevenness in the treatment of different parts of the capital," says the letter.

In particular, the council argues that this difference is most marked in the treatment given to the North and South Circular roads.

"The North Circular Road, for which the Department of Transport is responsible, has received steady and substantial improvement over the past few years, with a further £145m earmarked for this purpose over the next decade."

Trebling of aid sought for inner Birmingham

FINANCIAL TIMES REPORTER

GOVERNMENT AID of £10m. a year for the industrial redevelopment of Birmingham's inner areas was called for yesterday by the city's Chamber of Industry. This is three times more than the Government has allocated and could be "absorbed without any major impact."

Half the £10m. should be used primarily to clear and develop land and refurbish existing buildings, the chamber says. It argues that the single most important factor in the inner area's deterioration has been decline of the industrial base caused by direction of industry to other areas.

This has prevented natural expansion and created a general sense of deterioration.

"The devices which Governments have introduced to buttress their regional policies have had a severe disincentive effect on the economic climate of the inner areas," the chamber declares.

It also criticised the composition of the Birmingham Inner Area City Partnership, of which Mr. Reg Freeson, a junior housing Minister, is chairman. *A new organisation* with a permanent full-time staff is needed once a broad approach has been agreed by the partnership, the chamber believes.

The importance of the Midlands as an industrial base is confirmed by the Centre for Inter-Firm Comparisons. Of the 240 companies in seven regions analysed, two in three of those in the Midlands achieved above-average performance. The figure for Wales, Scotland, Yorkshire and Humberside was only about 30 per cent.

£40m. scheme to develop London Trocadero site

FINANCIAL TIMES REPORTER

PLANNING applications to develop a £40m. entertainment and shopping centre on the two acre Trocadero site in London's Piccadilly have been lodged with Westminster City Council by the site owner, Electricity Supply Nominees pension fund.

The scheme, which should increase the commercial site area to 500,000 square feet, differs from the last major application to develop the site in the early seventies. The proposals then were for shops, offices and a hotel.

Under the new scheme, half an acre of open ground in the middle of the Trocadero site will be built over, and new structures added where necessary in the £25m. construction part of the scheme.

Ground floor shopping facilities will be expanded, and the four upper floors will have a mixture of entertainment, restaurant and shopping facilities. Work should start within a year.

Yields, including rental and operating income for the developers, should approach 20 per cent. a year, an annual return of £8m.

The shift in emphasis away from an asset-oriented scheme reflected a change in planning thinking, Mr. Barry White of Richard Ellis, development consultants to the project, said yesterday.

"The new scheme is designed to preserve the existing character of the site as much as possible," he said. But office space could be as much as 125,000 sq. ft. under the new plans.

The Trocadero site was originally assembled over many years by *Stock Conversion*, the property company which owns Euston Tower, with the electricity pension fund financing the project. Three years ago, the fund bought out the Stock Conversion interest.

£3.5m. bus garage plan

FINANCIAL TIMES REPORTER

LONDON TRANSPORT is asking the Greater London Council to approve the building of a £3.5m. bus garage at Thamesmead to improve services in the expanding "new town."

If the expenditure is approved by the council, work could start this autumn and be finished in 1981. Two old garages, at Abbey Wood and Plumstead—both more than 60 years old and thought unsuitable for modernisation—would then be closed and sold.

Planning permission has already been granted for the garage on a 4.7 acre site inside the new one-way system north of Plumstead Road and west of Griffin Manor Way, near Plumstead station.

The garage would house 130 buses and have full servicing and maintenance facilities, with offices and a staff restaurant.

Industry turn-round vital, says Varley

FINANCIAL TIMES REPORTER

THE GOVERNMENT'S determination to give priority to industrial regeneration was reiterated yesterday, and coupled with a warning that "nothing less than a major turn-round" was needed in the performance of Britain's manufacturing industry and the remedying of its structural weaknesses.

Speaking in Manchester on the Government's industrial strategy, Mr. Eric Varley, Industry Secretary, said at a conference of 200 leaders of North West industry and commerce, trade unions, and local authorities: "Financial stability and low inflation are the first two necessary conditions. We are making good progress on both these fronts."

Investment of more than £400m. was expected to result from five Government aid schemes—covering wool textiles, clothing, textile machinery, machine tools and printing machinery. The schemes, which had just closed, had played "an extremely important part" in safeguarding the future of the industries.

The North West had 15,000 manufacturing companies and what happened in the region was crucial to the national strategy. The "real action" in improving efficiency and producing and selling British goods competitively would be at individual company level.

"Central Government will do its best, but do not look to Central Government for some grandiose plans that we can just hand down from Whitehall and expect everything to come right," Mr Varley said.

Brokers glum about world trade

BY DAVID FREUD

STOCKBROKERS Phillips and Drew have cut by £0.5bn.-£0.6bn. the estimate they made last month of 1978's current account surplus.

The downwards revision can be attributed mainly to a gloomier view on world trade, which the firm now expects to rise by only 2.5 per cent. this calendar year, compared with the 4 per cent. forecast a month ago.

Phillips and Drew's assumption of a £2-£2.5bn. net Budget stimulus remained constant over the two forecasts.

The world trade adjustment also accounts for the divergence from the figures published last week by the National Institute of Economic and Social Research, which predicted a £1.3bn. current account surplus on the assumption of a £2bn. net Budget stimulus. However, the Institute expected world trade to rise by 5-5.5 per cent. in 1978.

The firm says that average earnings seem to be growing by about 15 per cent. (new series) in the present wage round, which suggests that retail price inflation will remain in single figures for the rest of the year. Prices may accelerate from a base of 7-8 per cent. after mid-1978.

The firm's assumption of a 12 per cent. rise in earnings in the year to August, 1979 indicates an acceleration in retail prices during 1979, with a 10-12 per cent. inflation rate appearing in the second half.

The current account is expected to go into deficit by about £100m. in 1979 and Phillips and Drew are gloomy about growth prospects.

"With prices rising almost as fast as earnings through 1979 and the absence of a further stimulus in the 1979 Budget, personal real consumption is forecast to increase by only 2.5 per cent. next year after 5 per cent. in 1978.

"This, combined with continuing difficulties for exports, high import penetration and deteriorating company liquidity, suggests a slowdown in real GDP growth to 1.5-2 per cent. next calendar year compared with the 2.5 per cent. we expect in the current year."

● The Unit for Retail Planning Information forecasts that average consumer retail expenditure per head will grow from just over £300 in 1976 (at constant 1971 prices) to £360 per annum by 1986.

It says that consumer spending has dropped over the last four years to below its long-term trend level. It expects that the recovery from the present low will take place slowly at first, but culminate in a significant acceleration in late 1978 and 1979.

TV set deliveries up

FINANCIAL TIMES REPORTER

DELIVERIES of television sets by manufacturers and importers to British distributors rose last year, but this increase was not reflected in purchases.

Figures from the British Radio Equipment Manufacturers Association show that total colour TV set deliveries to distributors rose to 1.64m. last year, compared with 1.51m. in 1976. Deliveries of monochrome sets were 1.03m., against 1m. the previous year.

During 1977, British imports of colour TV sets amounted to 311,000, compared with 214,000 in the previous year. Monochrome TV set imports, at 526,000 units, were 20,000 fewer than in 1976.

More 'Mentmore' sales likely

FINANCIAL TIMES REPORTER

A PLEA in defence of Britain's stately home owners has been made in the National Trust's 1977 annual report.

Private owners could preserve Britain's collection of historic homes, gardens and works of art more cheaply for the public, said Lord Gibson, newly-appointed chairman of the trust.

But despite recent tax concessions, no fall in the number of great houses and their contents coming on to the market—as did Mentmore last May—was envisaged.

The National Trust, with its selective acquisition policy could only take up a fraction of these houses, and the "inadequacies" of the National Land Fund were exposed in the Mentmore auction.

HOME NEWS

Deputy chairman of prices watchdog appointed

By Our Consumer Affairs Correspondent

THE GOVERNMENT has appointed Mr. Leslie Pincott, the retiring managing director of Esson Petroeleum, to replace Dr. Gordon Hobday as one of three deputy chairmen of the Price Commission.

Dr. Hobday, who was appointed to the part-time job when the Commission was reformed last summer, is leaving because he has found the post too time-consuming.

The Government was anxious to find an industrialist to replace Dr. Hobday to maintain the balance on the Commission between business and other interests. Of the two other deputy chairmen, Mr. Seamus

Mr. Leslie Pincott . . . maintaining a balance.

Sweetman is an establishment figure with a long career in Unilever, and the other is the Left-wing economist Mr. John Hughes.

Mr. Pincott, 54, had already announced that he was retiring from the job of managing director of Esson, which he has held since 1970. He is a part-time member of British Rail's Southern Advisory Board and vice-president of the English Schools' Athletic Association.

The Price Commission job carries a salary of £6,500 for two-and-a-half days work a week.

In response to questions from Tories in the House of Commons yesterday, Mr. Roy Hattersley, the Prices Secretary, denied that Dr. Hobday's departure was a sign of a policy disagreement. Dr. Hobday himself has been at pains to emphasise that his reasons for leaving are personal rather than political.

Two directors remanded on theft charge

Financial Times Reporter

TWO senior directors of Cabinet Industries, a subsidiary of Pye of Cambridge, controlled by the Dutch group Philips Lamps, were each remanded on bail of £60,000 yesterday, charged with the theft of cash totalling £47,000 from their company.

Mr. Harry Hurst, 69, chairman of Cabinet Industries, and Mr. Alfred Nichols, 49, the company's managing director, were remanded at Bow Street Court until March 13.

Closure plan for Coventry Airport put off

Rolls-Royce, GEC, Massey-Ferguson and others for earning an estimated £450m. a year in exports—is to be kept open for another 10 years.

Arguments by the Tenants and Users Association led to the city transportation and highways policy committee yesterday reversing its previous recommendation to close it next year.

The new move is expected to be endorsed by the policy advisory committee next week.

Capt. Peter Jones, chairman of the association, later said that proposals would be made for higher landing fees and fuel charges to reduce the £175,000 losses.

If the airport was to be kept open for at least a decade, it would enable the association for the first time to plan ahead to improve efficiency. Nearby industrial towns like Warwick, Leamington and Rugby would be asked to make a contribution.

Tyneside move to revive fish dock plan

THE GOVERNMENT is to be asked to approve a plan to build a £10m. fish dock at North Shields, North Tyneside, which will provide 2,000 new jobs.

The scheme, which includes an ice plant, was shelved two years ago because of cuts in public spending.

North Tyneside Council, supported by the northern group of Labour MPs, is seeking a meeting with Mr. Peter Shore, the Environment Secretary, in an attempt to revive the plan.

The council said North Shields was ideally placed to take advantage of an increase in middle-distance fishing in the North Sea.

Spending recovery remains sluggish

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RECOVERY in spending in shops so far has been less buoyant than at first believed, though sales of durable goods have risen sharply and new instalment credit advances have been at a high level.

The final index of the volume of retail sales in January was 104.9 seasonally adjusted, and 1971=100, compared with a provisional estimate of 106.

The Department of Trade said yesterday that this suggested that the volume of trade had fallen back from the December level of 106.9 but remained above the average level of the fourth quarter of last year.

Most of the sales figures for 1977 have been revised downwards and the level in the fourth quarter is now estimated at 104.4, rather than 104.9 previously.

This trend fits in with the view in the retail trade that, with the exception of December, spending would fall well short of boom conditions both until the delayed pay increases worked through and until the Budget in mid-April.

Both the retail trade and most economists believe that spending will soon start rising sharply before slackening towards the end of the year. Increases in total expenditure of between 3 and 5½ per cent. have been projected for 1978 compared with last year, though much will depend on the level of personal savings.

In the three months to January, the volume of sales was 1½ per cent. higher than in the previous quarter, though spending in durable goods shops increased by 4 per cent.

Indeed, in December and January durable sales were 6¾ per cent. higher than the average level for 1977. This reflected not only the rise in real incomes and the tax cuts and rebates, but also an increased tendency to concentrate durable purchases at a time of special sales.

Spending in clothing and footwear shops was 3 per cent. up on a quarterly comparison, although it fell back sharply in January from the buoyant December level.

The hire-purchase figures confirm this impression of a steady, though not yet dramatic, recovery in consumer spending.

A total of £425m. of new instalment credit was advanced by finance houses and retailers in January (on a seasonally adjusted basis). This compares with a total of £411m. in the previous month. Within the total, finance house lending was retailers increased.

In the last three months of flat though advances by November to January, total advances were 6 per cent. higher than in the previous quarter. Finance house lending was 11 per cent. higher while advances by retailers rose by 3 per cent. When these figures are adjusted for inflation a rise in the volume of business is indicated.

● Consumer demand for credit is increasing rapidly and is now 12 per cent. higher than for the same time last year, according to figures released by Credit Data, a credit service business.

The Credit Data Index (January 1977 = 100) of credit inquiries made by retailers and finance houses is 129 for February, compared with 116 for January and a peak of 144 for September last year, which marked the start of the mail-order season and the pre-Christmas sales period.

HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit extended by Finance houses £m.	Retailers £m.	Total debt outstanding (unadjusted) £m.	Retail volume (revised) Total (1971=100)	Durable goods shops
1976 1st	340	493	2,349	105.9	117
2nd	382	490	2,424	106.9	122
3rd	393	521	2,516	107.3	125
4th	420	547	2,716	105.9	124
1977 1st	458	550	2,792	103.3	116
2nd	488	561	2,930	102.5	118
3rd	546	605	3,138	104.3	121
4th	580	604	3,341	104.4	121
July	163	196	2,963	104.8	125
August	201	203	3,047	102.7	118
September	182	206	3,108	103.5	121
October	172	199	3,170	102.7	120
November	199	203	3,267	103.1	118
December	209	202	3,341	106.9	125
1978 January	208	217	3,378	104.9	129

Source: Department of Trade

Move to curb price claims

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MANY shopkeepers will have to re-think their prices claims completely if proposals published yesterday by the Office of Fair Trading are accepted by the Government. The Office recommended a ban on comparisons with manufacturers' recommended prices, such as "5p off manufacturers' price," on the grounds that such claims confused the consumer.

Flash packs, of the kind used by detergent manufacturers to promote a price cut, would also be banned under the proposals submitted to Mr. Roy Hattersley, the Prices Secretary.

Comparisons with recommended prices are widely used by retailers, particularly for such products as electrical durables and food, to show how cheap their prices are. Flash packs are common in the grocery market.

After a lengthy study of the practice the Office has endorsed the consumer lobby's argument that such claims are meaningless, and at times misleading, because few traders charge the recommended price nowadays.

The Office has fallen short of proposing a total ban on recommended prices. Manufacturers would be allowed to continue them as a guide to the trade. But comparisons with them would be abolished.

Retail price maintenance was abolished in 1965, but many manufacturers continued to recommend retail prices. With the growth of cut-price merchandising recommended levels are often little more than notional to-day.

Though Ministers have indicated that they would like to clamp down on claims of this kind, it is unlikely that any general ban will be enacted for some time.

The Government may use its powers under the Price Commission Act in the short term to ban such claims in particular sectors.

State ends private pension aid

BY DAVID CHURCHILL

THE DEPARTMENT of Health and Social Security clamped down yesterday on a scheme to fund private pension arrangements for doctors' staffs which might have left the Department with an annual liability of several million pounds.

The decision to stop the scheme yesterday—it should have stayed open until the end of the month—was taken by the Department at short notice after a concerted campaign by the medical insurance business to sell private pension schemes on the basis that they would be financed by the Government.

On February 15 the Department agreed to 100 per cent. reimbursement of pension contributions for doctors' staffs, including all private schemes operating before the end of March.

This was decided as the best way of dealing with the Government's new pension arrangements, which come into force on April 1. National insurance contribution for the State scheme will then increase.

But when news of the Department's agreement to fund private schemes was disclosed some insurance companies, including the British Medical Association's own Medical Insurance Agency were able to sell pension plans to doctors with the knowledge that the Government would fund them.

The number of new private schemes sold to doctors is not yet clear. Some estimates put potential liability for the Department in millions of pounds.

When the Department realised what was happening it told the BMA that it was ending its guarantee to fund schemes from yesterday.

U.S. factory plan for Ulster

BY GILES MERRITT

A SIGNIFICANT U.S. investment in Northern Ireland is to be announced shortly by Mr. Roy Mason, the Ulster Secretary. In a £10m. project, the New York-based company AVX—part of the Aerovox Corporation—is to produce its advanced electronics components in the province.

The company plans to set up a new plant in the Coleraine area to make multi-layered ceramic capacitors and the operation's initial work-force of about 600 could rise rapidly to more than 1,000.

The capacitors are for use in electronic data-processing equipment and in the fields of aerospace and telecommunications. The U.S. corporation is understood to have selected Northern Ireland as the base for a European marketing drive.

Although negotiation of the AVX deal is still in its final stages, it is understood that Mr. Mason intends to announce the new investment when he addresses the Irish Congress of Trade Unions to-morrow.

It is believed that the bulk of the financial package, in which the Northern Ireland Department of Commerce is making substantial development and training grants, already has been agreed with the U.S. company.

Announcement of the AVX deal should give a fillip to Mr. Mason's drive to attract new foreign investment to Ulster. Since the 1969 outbreak of the troubles, American industry's interest in the province had all but dried up.

Although U.S. companies had been responsible for one-third of all post-war industrial projects in Northern Ireland, investing about $700m., £388m. in the 1960s alone, political uncertainty during this decade has restricted U.S. investment to extensions of existing operations.

A campaign to revive this investment was launched by Mr. Mason last year. Commitments to increase capacity have been won so far from Goodyear, Autolite, Ford, DuPont and Berkshire International. However, it is new investments creating more jobs that the Government has been seeking most actively from U.S. industry.

N. Sea 1,000 ft. oil fields 'on way'

By Ray Dafter, Energy Correspondent

OIL COMPANIES could be exploiting North Sea fields in depths up to 1,000 feet within seven years signifying a major advance in offshore technology, Dr. Dickson Mabon, Minister of State for Energy, said yesterday.

Dr. Mabon, who was speaking at the opening of Oceanology International exhibition in Brighton, said that to satisfy the growing thirst for oil, offshore operators would be forced to develop relatively small fields—the so-called marginal discoveries—and reservoirs in very deep water.

The Thistle Field, now beginning to yield oil in commercial quantities, is Britain's deepest field under development. It lies in a water depth of 528 feet. However, British Petroleum has just announced that it is to develop its Magnus Field in about 615 feet at an estimated cost exceeding £1bn.

Concepts

New concepts and equipment designs would be needed if some of the smaller and deep-water fields were to be exploited at an acceptable cost, Dr. Mabon said.

"In an oil-hungry world and one where conservation is becoming of increasing concern, every drop of oil is precious and must be extracted if at all possible."

Sub-sea systems of production were among methods now being tried in the North Sea. With these would come attendant requirements for underwater working, underwater power, support equipment, safety facilities, life support and pollution prevention equipment.

The need for British engineering expertise in these new areas of offshore technology was emphasised by Dr. Mabon. He said the Energy Department's belief was that production from depths up to 1,000 feet would be possible by about 1985. This would help companies that were either searching or planned to search in such deep-water areas as the west coast of Scotland and around Rockall.

In time, the installation and maintenance of deep-water production equipment would be carried out entirely by unmanned submersible vehicles, he said.

Industry 'needs more freedom'

Financial Times Reporter

A CALL for less Government interference in industry was made last night by Sir Rowland Wright, chairman of ICI, giving the first of the 1978 Cantor lectures in London.

The relative roles of Government and industry should be clearly spelled out and universally recognised, he added. Industry should be recognised as the "primary generator" of wealth.

The day-to-day management of industry—working out prices, wages, dividends and investment—should be left to industrialists. Government should try to create a climate which encouraged industry.

Confusion about who did what had led to more and more intervention in industrial management by Government in the mistaken belief that extra efficiency and investment would be created. But the reverse had happened.

Far from contributing to the community's wealth, there were many cases where the State-owned part of the economy actually drew wealth away from it.

The illusion that Government had a "bottomless purse" should be dispelled. More than 70 per cent. of Gross Domestic Product in the U.K. came from private enterprise.

Any blueprint for industrial recovery should include some expansion of the economy, measures designed to strengthen the U.K. industrial base, an alternative energy policy, and a long-term employment policy.

"In 1955, the U.K. share of international trade in manufactured goods was nearly four points higher than W. Germany at 19 per cent.

The U.K. had 9 per cent. of the same market 20 years later, compared with W. Germany's 20 per cent.

Partners cleared in Chapman fraud case

FINANCIAL TIMES REPORTER

TWO FORMER partners in the stockbroking firm Chapman and Rowe, which faced a £2.1m. deficiency after being hammered nearly four years ago, were cleared at the Old Bailey yesterday of fraud and theft charges.

They are Mr. Victor Thomas Andrews, 33, of Petts Wood, Kent, and Mr. John Maxwell Gordon, 37, of St. Mary Bourne, Hampshire. Both had denied conspiring to defraud clients, stealing their shares, and furnishing false information to the Stock Exchange, over the firm's financial resources between 1973-74. The trial against four other defendants goes on.

It was after a fortnight's legal argument in the trial, which had already lasted six weeks before the prosecution case closed, that Judge Neil McKinnon ordered the acquittals.

He told the jury: "As the legal arguments took place in your absence I am not entitled to say what took place. But I have decided as a matter of law that there is no case for Mr. Andrews or Mr. Gordon to answer. That is my responsibility."

Mr. John Hazan, QC, counsel for Mr. Andrews, and Mr. Kenneth Machin, QC, counsel for Mr. Gordon, who had both made legal submissions on behalf of their clients in connection with the Crown evidence, asked for them to be discharged.

The judge immediately agreed to this course after the jury on his directions had formally found the two men not guilty of all the charges they had faced after being sent for trial a year ago.

Both men had deposited £30 towards legal aid costs and the judge said he would make no further order for costs in that respect.

After the two acquitted men had left the dock the defence opened of the remaining four defendants. They are: Mr. Alan Harman, 34, of Putney Heath Lane, Putney, Mr. George Edward Miller, 38, of Wimbledon Park Road, Wimbledon, and Mr. Ralph Clarke, 50, of Sterling Street, South Kensington, all former partners in the firm, and Mr. John Michael Goodsell, 35, of Marlpit Road, Sharpthorne, Sussex. The first witness was Mr. Goodsell who said he had worked with the firm's auditors, Keens Shay Keens and Co. before joining Chapman and Rowe.

He denied having any hand in the production of its 1973-74 profit and loss account before it was sent to the Stock Exchange accountants, and claimed that although he had provided preliminary information it was left to Keens Shay Keens and Co. to "get on with the job" of finalising the accounts.

"I did not realise that Chapman and Rowe was insolvent to the extent it turned out to be just before it ceased business, in 1974," he added. Mr. Goodsell said at that time he thought the cause of its deficiency was a bad debt loss on its Rosadec account, together with gold share dealings which had been carried out by its defendant partner, Mr. Miller. The hearing continues to-day.

LABOUR NEWS

Security guard dispute shuts five shipyards

BY PHILIP BASSETT, LABOUR STAFF

SWAN HUNTER closed its five shipbuilding yards on the Tyne yesterday and laid off all its 9,000 workers because of a pay dispute involving 80 security guards.

The decision to close the yards, which require even tighter security than usual because of four Royal Navy frigates being built there, followed the breakdown of two hours' talks with representatives of the security men.

An urgent meeting of the unions involved takes place in Newcastle to-morrow.

Swan Hunter said last night that the men refused to carry out their normal work and so they were suspended.

Because of the security risk, the company said, it was reluctantly decided to close the shipyards.

The security men, members of the Association of Professional, Executive, Clerical and Computer Staff, were carrying out sanctions at the yard in support of a pay claim. Yesterday morning one, as part of the sanctions, refused to man a gate. He was sent home. The others walked out in support.

Mr. David Hanson, leader of the Tyne outfitters who caused a prolonged dispute at the yards eventually resulting in loss of Swan Hunter's share of the £115m. Polish ships order, said his members would defy the closure and report for work today.

'Hour's notice'

The work force, he said, was told of the decision to close the yard less than an hour before the gates were shut. His members should have been given more notice.

In January Swan Hunter lost seven ships from the Polish order because of parity disputes. More than 1,000 men were immediately declared redundant, with the prospect of others joining them as work in hand was completed.

The Department of Employment said last night that emergency arrangements to pay the laid-off men unemployment benefit were being made.

More talks called in bid to avert engineers' strike

BY CHRISTIAN TYLER, LABOUR EDITOR

FURTHER negotiations have been called for next Monday on the national engineering pay agreement. The unions have threatened a two-day strike on March 20 and 21 in protest at what they see as the employers' refusal to come to agreement because of the incomes policy.

Leaders of the Confederation of Shipbuilding and Engineering Unions yesterday met officials of the Advisory, Conciliation and Arbitration Service to explain their case. But neither side is expecting ACAS to resolve the dispute ahead of Monday's talks.

Mr. Jim Mortimer, ACAS chairman, and senior officials met the president of the Confederation, Mrs. Marie Patterson, yesterday after a similar session with officials of the Engineering Employers Federation on Friday.

The dispute centres on those engineering firms who, by implementing agreed new pay minima, would find themselves, according to the EEF, in breach of either the 10 per cent. earnings limit or the 12-month rule.

It has always been assumed that, because of the two-tier bargaining in the industry, few engineering workers are directly affected by the national time-rates. But the dispute has raised questions about that assumption.

The EEF has offered to raise the minimum skilled rate, last set in 1975 at £42 a week, to £57 from this month and £60 from August. Although the unions are ready to accept the figures, they have disputed the way the rates would be implemented.

But the EEF, which has kept closely in touch with the Department of Employment throughout the negotiations, has said that such agreement would expose a number of its 6,000 members to the threat of Government sanctions.

Ray Perman, Scottish Correspondent, writes: The president of the Scottish Engineering Employers' Federation, Mr. Ben Butters, said yesterday that he did not believe companies which had already settled local pay negotiations could now afford to implement the national agreement even if faced with strike action. "We have been placed in the impossible situation that we are bound to offend somebody," he said.

"The Government has issued a clear indication that we must stick to the 10 per cent. guideline if we are going to get Government contracts. Many firms in Scotland also depend on regional development grants. We cannot afford to lose them."

Pit incentives boost coal output by 1.5m. tonnes

BY DAVID CHURCHILL

THE MINERS' productivity incentive scheme has boosted coal output this year by 1.5m. tonnes, Sir Derek Ezra, National Coal Board chairman, revealed yesterday.

Sir Derek told the Coal Industry Society in London that face workers' productivity had reached record levels since the incentive scheme was introduced over the past few months. The scheme, originally rejected by the National Union of Mineworkers but later accepted, is operating in over 500 of the 700 National Coal Board pits so far. Negotiations are continuing in the remaining pits.

At the time of the initial rejection of incentive schemes last November, the Coal Board estimated that output this financial year—which ends at the end of this month—would be 102.7m. tonnes. But since then, the higher productivity has meant a revised estimate of 104.2m. tonnes of deep-mined coal.

Improved productivity has meant that output in the past six weeks, when production has been affected by bad weather, has been at the same level as in the corresponding period last year, even though there are 2,200 fewer men in the industry.

But Sir Derek warned, however, against the belief that the incentive scheme was a panacea for all time. He pointed out that it had met an immediate problem and reversed an adverse trend.

"But in the long term the industry's productivity — and, therefore, its financial viability —would depend on the successful implementation of its modernisation and development plans," he said.

Speke closure meeting to-day

By Our Labour Staff

NATIONAL union officials are due to meet Mr. Michael Edwardes, British Leyland chairman, to-day to discuss the company's decision to close the Triumph Number Two plant at Speke, Liverpool, and transfer production of the TR7 to Coventry.

Backing for teachers on pay

By Michael Dixon, Education Correspondent

TEACHERS' UNIONS yesterday gained a surprise ally in their attempt to influence the official arbitration machinery into granting an improved pay offer for 454,000 school staff in England and Wales.

As union members began sanctions against the education authority employers, Sir Ashley Bramall, head of the employers' panel in the Burnham pay-negotiating committee, resigned in protest at his panel's negative attitude in the negotiations.

These were sent automatically to arbitration last week when the employers refused to raise their offer of 9 per cent. for the teachers' April 1 salary increase. The panel insisted that the upward drift of teachers' incremental pay scales would subsume the further 1 per cent. allowed by the Government's pay guidelines.

Although the arbitral tribunal will not be appointed until later this week, the 245,000-strong National Union of Teachers and the 100,000-member National Association of Schoolmasters and Union of Women Teachers are already organising sanctions.

Having originally claimed 12½ per cent., they are now demanding a straightforward April 1 increase of at least 10 per cent.

Justified

Officials of both were pleased at Sir Ashley Bramall's action. He resigned not only as leader of the Burnham employers' panel, but also as chairman of the Council of Local Education Authorities.

His colleagues' views of negotiations, he said, often seemed to be confined to saying "no" to everything, even though the upshot might be to increase the cost of the final pay settlement.

This comment by Sir Ashley showed that the teachers' side was fully justified in its suspicion of the employers' attitude, said Mr. Fred Jarvis, general secretary of the NUT, which yesterday began sanctions in 18 localities.

The action consists of withdrawal from "voluntary" duties, including lunch-break supervision of pupils. Several schools were disrupted and some closed, especially in Newcastle-upon-Tyne.

The NUT sanctions will be continued to-day and will be extended into Gateshead and nearby Felling, and to Stoke. To-morrow the action will be spread to Garforth, North Warwickshire and Leicestershire. By the end of the week 40 areas will be affected.

'Victorian capitalism' condemned

By Our Labour Editor

MR. BOB WRIGHT, Left-wing contender for presidency of the Amalgamated Unio nof Engineering Workers, said yesterday that the Conservative Opposition was preaching a brand of "Victorian capitalism" which would make it hard for unions to live with a Conservative Government.

Mr. Wright, speaking in the week in which ballot papers go out for election of a successor to Mr. Hugh Scanlon, said that it was inevitable that unions would be involved in discussion with Government about economic management. But he stressed that this co-operation should take into account the wishes of the rank and file.

In some matters the Tories had shown themselves more sympathetic than "alleged Labour supporters," Mr. Wright said.

He had opposed all incomes policies under Labour in the belief that they were not in the interests of working people. "Incomes policy under free market forces is a force."

Mr. Wright completely rejected the idea of a "Stage Four" incomes policy. The unions' job was to negotiate the best for their members.

Mr. Wright is opposed by Mr. Terry Duffy, who won his executive seat from him in the presidential election.

Steelmen begin talks this week on plan to shut East Moors

BY ROBIN REEVES, WELSH CORRESPONDENT

CRUCIAL NEGOTIATIONS aimed at securing the early closure of British Steel's East Moors steelworks, to help stem the Corporation's heavy losses, take place in Cardiff this week.

If the talks—between British Steel and the TUC steel committee—succeed in settling special redundancy terms for East Moor's 3,300 workers, the plant could be closed within weeks.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades' Confederation and leader of the TUC steel committee, will meet union representatives at the Cardiff works to-day to discuss final negotiating tactics.

The union representatives to-morrow begin the main talks with the British Steel team, led by Dr. David Grieves, managing director of personnel and social policy and Mr. Peter Allen, head of the Corporation's Welsh division.

The negotiations promise to be tough. The East Moors workers are understood to be demanding severance payments equivalent to earnings between the actual closure date and January 1, 1981 —a year beyond, the earliest closure date for East Moors, guaranteed in the Beswick plan.

These payments would be in addition to the normal redundancy terms available within the steel industry. The payments would be substantially higher than those agreed for the earlier closure of British Steel's Hartlepool plant at the beginning of this year.

But the East Moors workers have been adamant that they are not prepared to swallow the Hartlepool terms and want something far better.

For one thing, under Beswick, the Hartlepool plant was due, in any case, to close this year. In addition, many steelworkers at East Moors see little prospect for an alternative job in the foreseeable future.

But British Steel may also prove very tough. It has evidently hinted already that working at East Moors will be reduced to a basic 40-hour week only, if negotiations are not finished quickly, a move which would hit earnings of some workers.

Steel making at East Moors has been running at a very low level for some time. Steel production in the past week was no more than 2,500 tonnes, while output in the past has been as high as 17,500 tonnes a week.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Noxious waste gases burned for heating

OVER THE years the waste of heat by the textile industry has been almost legendary, but recently, as competition has increased, operators have realised this is something they cannot afford.

With new finishes, it often happens that what is being allowed to escape from a plant is not merely hot air or steam, but other forms of pollutant such as the special lubricants used on synthetic fibres during processing.

A number of companies have decided that the best way of tackling this problem is to make use of off-gases by channelling through some form of recirculation system. In fact, it is being appreciated that as a source of heat, polluted air can often have certain very definite advantages.

The French company TAM Air Industrie (British agent: Allertex, Paradise Street, Bradford BD1 2HP. Tel. 0274 23 783) has, through its industrial drying division, developed a new system of cleaning contaminated air by thermal incineration. In this a comprehensive extraction system must be used to remove the polluted air from the point at which it is generated. It is then blown into the incinerator where there is a burner chamber made of a double wall of refractory bricks suitably clad with insulation panels.

With modern textiles the air will often contain a substantial proportion of volatile solvents which can be burned but which would not justify the cost of recovery. If discharged into the atmosphere they could be moderately toxic as well as having a foul odour.

The emissions from drying and fabric setting stenters is particularly prone to this problem. By recycling such exhausts through an incineration unit the smells and pollutants can be eliminated and heat gained. But it is necessary that in order to destroy the gases completely they should be mixed with fresh air within the burner units and this means designing into the system a natural turbulence so that a complete reaction will eliminate all smells.

This new system can be used as a source of process or space heating. The application will vary with the specific needs of the plant.

The TAM equipment is extremely simple in concept and should offer users appreciable savings so that amortisation will be relatively quick.

● DIVING

Keeps them warm in the water

NOW ON display at the offshore industries exhibition in Brighton are three new items of life-support equipment for North Sea divers.

One is a heating system supplying both fresh and sea water. The hot sea water is available in sufficient quantities for three divers working at depths down to 1,000 feet. The equipment can also be used to heat their diving bell, and to supply hot fresh water to a saturation chamber for drinking and toilet purposes.

Electric power is used for heating and to drive the pumps, but is backed by steam heating and air-drives, so that the system will continue to function if there is a power failure. Storage tanks also provide a measure of back-up hot water—enough to supply the divers while they are brought to the surface.

The second item is a carbon dioxide scrubber. This comprises a motor, magnetic coupling, axial flow fan, and a cannister (containing, for example, sodium hydroxide), to remove carbon dioxide. Motors on this type of equipment are usually driven by air.

The third product is a heating system for saturation chambers, to be fitted under the steel decking of the chamber.

All three are made by Underwater Power Sources (U.K.), Grindle Road, Coventry, CV6 6BX, West Midlands (0203 88343).

● WELDING

Makes microscopic joints

WHILE IT is now possible to condense the equivalent of some 25,000 transistors into a single integrated circuit about ¼-inch square, the problems of connecting the latter to other equipment have been considerable.

Until recently gold wire only 25 microns (one thou.) thick was considered the most suitable. This was largely because it was simple to make the ball needed on the end of the wire for thermocompression or ultrasonic welds.

The ball was formed by melting the wire in a hydrogen flame, or by a capacitor spark discharge. When the joint was made there were no oxides to cause contact problems, and the ball shape enabled the wire to be led off in any direction.

Unfortunately, on aluminium metallised circuits intermetallic compounds can form at the gold joint (producing what is known as the "purple plague") which results in circuit failures.

To overcome the problem aluminium wires have been used, but these presented further difficulties. The oxidised surface on aluminium means that joints have had to be made ultrasonically, and a ball could not be formed, only a wedge shape.

In the Microwelding Laboratory of the Welding Institute a method has been developed for forming consistent balls on aluminium wire in sizes down to 25 microns diameter, using an electronically controlled spark, and an inert gas shield. The consistent size and shape obtained enables ultrasonic ball/wedge joints to be successfully made.

Test runs in laboratory conditions of well over 100 joints have been made, with no failed joints, on most microcircuit materials.

The work was funded by the Ministry of Defence, and steps are now being taken to exploit the process commercially in both the U.K and U.S.

Details from the Welding Institute, Abington Hall, Cambridge CB1 6AL (0223 891162).

● INSTRUMENTS

Measures despite heat

A PORTABLE electromagnetically coupled ultrasonic tester capable of measuring thickness through scale, rust and paint coverings, at temperatures up to red heat, has been developed by Wells-Krautkramer.

The equipment comprises an electromagnetic transducer, a control and power unit, and an ultrasonic tester—all are portable and battery operated.

Electromagnetic coupling is the technique employed to bridge the barrier of air, scale or paint between the ultrasonic probe and the metal of the test material. Ultrasonic waves are generated by inducing into the surface of the test material pulses of high frequency eddy currents in the presence of a static magnetic field.

The eddy currents and the magnetic field interact with the test material to create an ultrasonic shear wave normal to the material surface. Ultrasonic pulses are also reflected from the back surface of the material, and delay time between the pulses is proportional to the material thickness.

In practice, the operator pulses the probe and observes the display on the ultrasonic instrument, making due allowance for temperature correction where necessary. Materials from 2 to 100 mm. thick can be measured, and cylindrical surfaces from 25 mm. diameter and over can be accommodated.

The transducer hand gun is supplied with six metres of cable for testing in situations where access is restricted. Thickness measurements are made with a single half-second pulse initiated either at the control unit or by the gun trigger. A two-second delay is built in to prevent overheating by too frequent pulsing. The 24 V battery bank lasts for about 1000 pulses when fully charged. Recharging takes about 14 hours.

More from the maker at Blackhorse Road, Letchworth, Herts., SG6 1HF (04626 2644).

● PROCESSING

Brazil drives on alcohol

AN ATTEMPT is to be made to use Brazil's vast land resources for the production of alcohol via the sugar route as a substitute for petrol to reduce Brazil's oil import needs.

It has been estimated that by converting 14 per cent. of its farmland by the mid-1980's to manioc and sugar cultivation, Brazil could produce enough ethyl alcohol—38bn. litres—to eliminate oil as a fuel for internal combustion engines.

Current goals of the national programme, Proalcohol, are more modest, however. Brazil intends to produce 3.5bn. litres of alcohol by 1980, mixing the fuel with petrol and reducing oil imports by 10 per cent.

Brazil paid $3.9bn. for oil imports in 1977, or 11 times what it paid before the 1973 oil price stampede.

The government has approved cheap financing for the construction of 145 distilleries and five storage facilities at a cost of $700m.

Alcohol is already being used as a petrol substitute in eight of Brazil's 21 states, being mixed in ratios of 10 to 20 per cent. with petrol. Some cities, such as Sao Paulo, have modified engines in public vehicles to burn 100 per cent. alcohol.

In a recent study by the World Bank, economists argued that since the cost of producing a litre of alcohol is several times greater than the cost of a litre of imported petrol, the Brazilian programme must be uneconomical.

● MACHINE TOOLS

Four new presses

FOUR NEW presses will be introduced by Machine Tool Industries (1972) at Metalworking 78 (NEC, Birmingham, April 20-28). One of the machines, a 250-ton hydraulic drawing press, will be producing car engine sump units on the company's stand.

Made in Denmark, this Hydraulico press has been soundproofed to 80 dBA. It has a rated capacity of 250 tons on the ram and 100 tons on the cushion. Working speeds are: approach 250mm/second, draw 11 to 31mm/second, and return 280mm/second.

On second operation work, output can be increased by unloading and loading during the return stroke—said to be safe, as the operator is protected by light guards.

Powered by a 50 hp motor, punch stroke is 700mm and maximum daylight 1,300mm.

Capable of operating at up to 32 strokes/minute is a 250-ton blanking and forming C-frame press from Stankopress, USSR. The slide has a stroke of 200mm. and the ram an adjustment of 140mm.

With the stroke in its lowest position and the ram in its highest, daylight between slide and bed is 560mm.

The other two new machines are a 160-ton panel press and a 63-ton single-action open-backed press. Details on both these machines will be released at the exhibition.

MTA now has over 50 machines available with capacities from 50 to 2,000 tons. More from the company at Wedgenock Industrial Estate, Rothwell Road, Warwick (0926 46361).

● TELEVISION

New camera unveiled

MARCONI made a true breakthrough all over the world with its Mark 8 TV camera equipment and now that it has unveiled Mark 9, current users will be looking at what the company has pulled out of the hat to convince them that they should stay with their present supplier.

Marconi itself believes that low power consumption and lightness are two big factors, coupled with the ability of both new camera models to run off batteries for long periods. When fitted with triax cables, they will produce excellent pictures up to 5,000 feet away from the camera head.

With the versatility of the two cameras (one studio, one mobile) goes a host of options—various types of tube, size and type of viewfinder, local or remote control, automatic registration, black and white balancing and iris.

Some 500 of Mark 9s predecessors are installed and in use in 30 countries and the new equipment will be first shown to users at the National Association of Broadcasting Exhibition in Las Vegas, April 9-12.

● DATA PROCESSING

CDC cuts at the top

CONTROL DATA Corporation has released three new models of its large Cyber 175 computer system, a price-reduced version of the very large Cyber 176 computer, and prices 20 per cent. lower for add-on and extended memory used with most models of the 170 series.

New models of the Cyber 175 systems, the Cyber 175-100, 200 and 300, are designed to serve customer's computer applications more broadly than did the single-model Cyber 175 being replaced, the company said.

Price and performance of the new 175s relative to the older unit range from the Model 100 priced at 30 per cent. less with approximately 18 per cent. lower performance, to the Model 300 with 12 per cent. greater performance at no increase in price.

The company's new 176 computer is approximately £600,000 below the current model that Control Data will continue to offer. The lower price is achieved by providing the current model 176 without high-speed peripheral processing units and extended memory.

Reductions of 20 per cent. in the prices of add-on central computer memory for most Cyber 170 systems are the result of improvements in circuit packaging technology that allows lower memory manufacturing costs. These add-on memory price reductions also lower the purchase and lease prices in varying amounts for others of the company's ranges ordered with main memory sizes greater than the minimum available configuration.

Deliveries of the new Cyber 175 computer systems have already begun, and first customer shipments of the smaller Cyber 176 will be made at mid-year. The memory price reductions are effective February 1 for new customers, and will be available to existing customers with leased systems upon expiration of their current contracts.

More on 01-930 7344.

Checks code film fast

WITH ARTICLE numbering systems on the boil in both the U.K. and Europe an easy-to-use electronic verifier is being made available to the British market. Auto-Scan provides verification of both film masters and printed bar coded symbols in either Universal Product Code (UPC) or European Article Number (EAN).

Photographic Sciences Corporation's Auto-Scan is being marketed by Kings Town Photocodes of Hull. It can verify both film masters and printed symbols in seconds whereas manual methods, using optical gauges, can take up to an hour on the symbol measuring operation alone. It will also allow for line growth in the printing process.

All the operator has to be trained to do is to punch in the number on the small keyboard, position the symbol correctly for scanning and adjust calibration and focussing. Once correctly set-up the machine operates automatically to carry out vital film master checks prior to printings, and the quality control monitoring during a print run.

The UPC and EAN specifications call for an accuracy of plus or minus five micrometres (.0002 inch) in film masters. Printed symbols must also meet strict dimensional and colour contrast guidelines or the symbol may not scan at the supermarket check-out.

More on 0482 26006.

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PARLIAMENT AND POLITICS

Windscale debate before Easter

By Ivor Owen, Parliamentary Staff

BEFORE THE Government formally grants outline planning permission for the new £600m. nuclear fuel reprocessing plant at Windscale, MPs are to have an opportunity to discuss the safety and environmental issues involved.

Mr. Peter Shore, Environment Secretary, told the Commons yesterday that there would be a debate in the House before Easter.

The views expressed by MPs would be taken into account by the Government before the Special Development Order, under Section 24 of the Town and Country Planning Act 1971—which would, in effect, authorise the project—was laid before Parliament.

Mr. Shore explained that this procedure was being used so that he could participate in the debate without infringing his quasi-judicial role in deciding whether or not to give consent to planning applications.

To avoid any question of having to re-open the 100-day inquiry conducted by Mr. Justice Parker, it had been necessary to follow an unusual course. Planning permission for the present application had been refused. This was the only way in which he was able to dispose of the planning application before participating in the debate.

The special development order, which he proposed to lay shortly after Easter, would contain the terms of a planning permission for the proposed development at Windscale, subject to conditions on the lines recommended by the inspector.

Hattersley hints at interim price rises action

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A CLEAR indication was given in the Commons yesterday by Mr. Roy Hattersley, Prices Secretary, that he is considering tightening up the sytem of safeguards which allows companies to make interim price rises while the Price Commission considers their applications for a permanent increase.

The system, which was inserted into the price code after representations by the CBI, has come in for strong criticism from Labour MPs on the grounds that it is over-generous.

They are annoyed that companies are sometimes allowed to put up interim prices by the full amount of their appliaction and are particularly angry that this has been done in the case of Allied Breweries during the current row over beer prices.

On the question of tea, Mr. Hattersley was adamant that despite the reduction of 2p a quarter already announced, prices must come down towards the level of 21p to 22p a quarter recommended by the Price Commission. Unless this was done in the next week or two, he said that he would be prepared to take action to impose the cuts originally suggested by the Commission.

The Secretary of State's remarks came in lengthy exchanges during which Labour backbenchers congratulated him over the Price Commission's action on tea but were strongly critical of the prices being charged by the large brewers.

The matter of interim safeguard levels for companies came up when Mr. Walter Johnson (Lab, Derby S) said that many Labour backbenchers were seriously concerned at the Price Commission's inability to freeze certain prices because of the regulations in the code. The brewers, he said, had been a blatant example of this.

Mr. Johnson recommended that amending legislation should be introduced without delay.

Mr. Hattersley agreed that many Labour MPs were worried about the present level of safeguards. He said he had asked the chairman of the Price Commission to report to him of any individual investigation where he had been inhibited from taking action because of the level of safeguards.

"If there is any general problem, I will begin consultation with the interested parties and introduce an amending order in the House, he declared.

Mr. Michael Morris (C., Northampton S.), dismissed the attempt to reduce tea prices as "by-election gimmickry." But the Secretary of State pointed out that prices had now been reduced by 2p a quarter, although the blenders had originally refused to make any cut at all.

"It remains my policy to see that the price of medium priced tea in the shops comes down to about the level that the Commission recommended," Mr. Hattersley added.

Mr. William Hamilton (Lab. Fife Cent.) wanted to know when he would lay an order before the House to reduce the price of tea along the lines suggested by the commission.

Mr. Hattersley replied that he was not sure when an order would be debated. He hoped the tea blenders would continue their consultation with him and he would see how realistic their proposals were and how they worked out.

The question of the brewers was raised by Mr. Max Madden (Lab. Sowerby) who maintained that they had been profiteering at the expense of their customers for years. He suggested that the Government should implement a price freeze on beer and that this would rceive the acclamation of the public.

Mr. Hattersley replied: "I don't want to use the word profiteering. But I will certainly continue to say I believe that the brewers over the last two years have made price increases which were far too frequent and in many cases were unnecessary."

SHADOW Prices Secretary, Mrs. Sally Oppenheim, asked whether the Price Commission was employing a public relations consultant at a cost of £70,000. If so, it would be an outrageous misuse of taxpayers' money.

Mr. Hattersley said he did not know whether the Commission was employing a public relations consultant. Like all public agencies, the Commission spent its money in the way it chose.

Rhodesia: I will not be rushed—Owen

BY PHILIP RAWSTORNE

BRITAIN AND the U.S. would do everything possible to ensure a genuine transfer of power in Rhodesia through free and fair elections in which all the nationalist leaders could take part, Dr. David Owen, Foreign Secretary, told the Commons yesterday.

Maintaining his cautious approach to the Salisbury agreement, Dr. Owen said: "I am not prepared to condemn or support what, at this stage, is an important first step along a path on which there is much further to go."

The Foreign Secretary had been pressed by Mr. John Davies, the Conservative spokesman, to "take a decisive lead" in the Rhodesia developments.

"Mr. Davies said that Britain should use her veto against any UN Security Council resolution seeking to condemn the internal settlement and called for the abolition of sanctions as soon as it was clear that the people of Rhodesia as a whole supported the agreement.

The British Government should persuade the Patriotic Front leaders to abandon the use of arms and join in the peaceful settlement, he added. It should also establish a high level diplomatic mission in Salisbury.

Dr. Owen said the world would not expect Britain to give away what influence she had on the form of the final settlement until a full transfer of power had taken place.

"I believe it is an important part of my role to involve all the nationalist leaders," he said.

Dr. Owen agreed with Mr. David Steel, the Liberal leader, that the Salisbury agreement was "transitional" and that there would have to be a test of its overall acceptability before Britain could give up its responsibilities.

"There are many major areas still to be resolved," Dr. Owen declared. But Britain and the U.S. would seek to widen the areas of agreement and resolve the outstanding problems.

Mr. John Mendelson (Lab., Penistone) and other Labour backbenchers urged Dr. Owen not to be rushed into decisions. Mr. Frank Hooley (Lab., Heeley) said that any agreement in this country that gave 28 per cent. of Parliamentary seats to a 3 per cent. ethnic minority would be greeted with "ridicule and derision."

Dr. Owen replied: "I have no intention whatever of being rushed. This is a serious issue which needs to be taken steadily and in good time." Criticism of the allocation of seats made it all the more important that the rest of the settlement details were negotiated to ensure majority rights as well as safeguards for the minority, he added.

"I am unrepentant in going for the ideal solution of a ceasefire and the participation of all the nationalist leaders," he declared.

The Foreign Secretary disputed suggestions by Mr. Julian Amery (C., Pavilion) and Sir John Eden (C., Bournemouth W) that the Patriotic Front was heavily influenced by the Russians.

The Commons had to face the fact that the Front had taken up arms to free their country, he said. The West had decided not to supply arms, so they had been obtained from Russia. "That does not necessarily mean that the Patriotic Front is Marxist or totally dominated by Moscow," he asserted.

Mason plans Dublin approach

BY IVOR OWEN

A NEW APPROACH is to be made to the Dublin Government to secure more effective means of combating the "cross-border" terrorist, Mr. Roy Mason, Northern Ireland Secretary, hinted in the Commons last night in a debate on the security situation in the province.

He underlined that the Government's main concern is not the odd instance of shooting across the border, but the wider involvement of terrorists in violence throughout Northern Ireland who gain refuge in the Republic when the security forces start to close in on them.

In a significant reply to an intervention, Mr. Mason told MPs that it was doubtful whether those responsible for the La Mon restaurant outrage, in which 12 people were killed last month, were still within the province. "Because of the pressure brought to bear, they could easily have escaped across the border," he said.

He underlined the progress made in building up the capacity of the security forces to undertake covert operations.

Mr. Airey Neave, shadow Ulster Secretary, called for a fresh initiative in Northern Ireland. The Government should go over the offensive to a greater extent than ever before. Future policy should be fore firmly concentrated on putting extreme pressure on the terrorists through their escape routes, their rams caches and their safe houses.

Ex-MP undaunted by poll finding

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Labour Party's candidate for the Glasgow Garscadden by-election yesterday confidently predicted that he could hold the seat, in spite of an opinion poll indicating that the Scottish National Party has a 2 per cent. lead.

Mr. Donald Dewer, a lawyer, broadcaster and MP for Aberdeen South from 1970 to 1974, was unanimously selected by a constituency conference at the week-end. He is a strong supporter of the Government line on economic policy and devolution, and announced that he intended to attack the Nationalists for their political escapism and independent policy.

"Thousands and thousands of Scottish workers, in Chrysler, Leyland, Babcock and Wilcox, and the shipyards on the fringe of the constituency owe their jobs to Government action," he said. "The Government had the courage to stick to its guns in order to reduce inflation to single figures. That has given us a platform from which to tackle unemployment."

The poll, the first to be conducted in Garscadden since the death of the MP, Mr William Small, in January, was carried out by Marplan for the Sun. It gave the Nationalists 41 per cent. support, compared to 38 for Labour, 18 for the Conservatives, and 1 per cent. for the Liberals.

The poll also identified unemployment as the key issue, particularly among the young, followed by prices and law and order. Devolution was put sixth in order of importance by the 709 people questioned. Immigration was seventh.

The Government received a boost on devolution. Seventy-one per cent. of those polled said they would definitely vote in the referendum and nearly three-quarters of these indicated support for a Scottish Assembly. A response of this sort would easily clear the 40 per cent. hurdle.

Meanwhile the SNP has launched a campaign under the slogan "It's Scotlands oil—it's London's rip off." The party will contrast the Government's failure to reduce unemployment in Scotland with the oil wealth, which, it claims, is being squandered by the Treasury.

Mr. Gordon Wilson, deputy Parliamentary leader, said that oil revenues, totalling £1.5bn. during 1978 would be used to repay foreign debts, to finance England's overspending on imports of consumer goods, and to bribe voters in the Midlands and the South-east with tax cuts.

A Scottish Government would pump £700m. a year into industrial redevelopment, introduce public-works schemes to reduce unemployment, expand training programmes, and invest massively on natural resources, such as forestry, agriculture, and alternative energy sources.

It would also increase pensions to at least £25 a week for a single person and £35 a week for a couple, take the low-paid out of the tax bracket, increase food production and inject an extra £150m. into the construction industry to build modern schools, houses, and hospitals.

Campaign sees 'little chance' for devolution

THE DEVOLUTION Bill has little chance of surviving the referendum vote, the organisers of the Scotland is British Campaign claimed yesterday.

A poll conducted in 40 Scottish constituencies showed that the Scottish National Party was the only one with more than half of its members in favour of devolution.

Tory supporters were shown to be swinging away from devolution and the number of firm "Yes" votes in the Labour Party was well below 50 per cent. "On these results, there is very little chance of the devolution Bill surviving the referendum," said a spokesman for the campaign.

THE RISE OF PETER SHORE

Now a heavyweight in his own right

BY RUPERT CORNWELL

WINDSCALE and Peter Shore are in some ways almost made for one another. The Department of the Environment, in its hideous Marsham Street citadel, has never been a sounding board for political personality, for all its immense impact on our lives. And although it will provide a rare occasion of public celebrity for the Secretary of State, the wrangle over the planned nuclear reprocessing facility does not depart from the rule.

The man and the issue have much in common: complex, imperfectly understood and of considerable importance for the future. To-day, his name features ever more insistently in that most handy conversation-filler at Westminster, guessing the next leader of the Labour Party.

It is all a long way from those depressing days of the late '60s, when the Wilson Government was disintegrating and Shore's modest political reputation with it. Rightly or wrongly, he was perceived as Wilson's lapdog: the Bevanite who served as head of the Transport House research department between 1959 and 1964 before being endowed with one of the half dozen safest Labour seats in the country at Stepney and Poplar. Then a Cabinet seat, after just three years on the backbenches, as head of the ill-fated Department of Economic Affairs.

It seemed too good to be true and it was. Protector and protégé parted ways over "In place of strife," and Shore found himself as Minister without Portfolio and Deputy Leader of the House, two posts as empty as they sounded. Crossman recounts the odd useful guerilla operation, but Labour's defeat in 1970 must have come as a thankful release.

In that barren period, though, there was one swallow to hint at the unlikely summer ahead—a speech in the spring of 1970 against the Common Market, to the great irritation of that eminent pro-marketeer of the day, Harold Wilson. It was not a false pointer. The man and the issue had come together and, with bewildering speed, events played into his hands. Within two years, Britain had been accepted for EEC membership, Labour had done its famous U-turn, and Shore was in the forefront of the battle as Opposition spokesman on European affairs, until the Conservatives were out and he was installed as Secretary for Trade in March, 1974.

Enhanced

It was an ideal platform from which to continue the holy war, even if obligatory surrenders were part of the job. Shore remembers with a typical flicker of nostalgia how he was the last British Minister to sign an independent trade agreement, unfettered by Brussels. Out of crushing defeat in the EEC referendum campaign in 1975 he salvaged more than enough to secure his political reputation. The Left-wing credentials looked unassailable, and his ability as a speaker was enhanced. The promotion to Environment when Callaghan entered Downing Street in April, 1976, was final proof that Shore had become a political heavyweight in his own right.

Reputations, however, can be misleading. The truly intriguing question—and one which goes to the heart of the speculation over his future—is just how Left-wing is Peter Shore at 53, once the anti-Marketry is stripped away? The key, one suspects, is simply nationalism: the overriding belief that Britain's interests must come first, underpinned by a faith in his countrymen's basic virtues that is touching in these cynical days.

Shore, the economic patriot, fought the EEC in Churchillian style, ceaselessly attacking its menace to sovereignty. It was a theme that, for once, brought him out of himself, loosing unexpected passion. But to-day, he seems less inclined to scratch this sore. His words have mellowed; the talk is less of eventual withdrawal than of wholesale reform from within.

Events are moving his way, but the style is not too removed from that of the Callaghan peace letter to the NEC last autumn.

Much the same is true of Mr. Shore's economic attitudes. Wittingly or unwittingly, they are moving firmly closer to the party mainstream. At Environment, where he is said to be highly effective, it is very much steady as she goes. A programme to revive the inner cities is cross-party orthodoxy, while the incentives offered to first-time home buyers are hardly the stuff of Left-wing dreams.

During the anguished Cabinet debates over the IMF loan in autumn 1976, Mr. Shore emerged as perhaps the most cogent alternative strategy advocate, a fervent anti-deflationist, above all in outrage at the prospect of unnecessary unemployment. What was heresy then seems almost normal 18 months later. Hardly a politician is not haunted by the spectre of vast dole queues stretching on into the 1980s; the recession seems impervious to tried economic remedies, while protectionism and import controls are daily discussed. Mr. Shore's Fabian speech last month—hailed by friends as a personal manifesto—avoided specific answers, except to say that free collective bargaining and increases in public ownership were clearly not the answer. What he would like is a national plan: agreed investment programmes, and a clearly charted course ahead, with which the EEC would not be able to interfere.

In other respects, Mr. Shore is an intense conservative, especially over institutional reform. "Unlike Tony Benn, who sees change as a kind of liberating force which can only be beneficial, Peter is against it, right at the opposite end of the spectrum," says a close friend.

There are other differences too. Mr. Benn draws much influence from his place on the National Executive and its key committees. Mr. Shore has little of this appeal or following in the party outside Westminster, though, last year, he was only a couple of places short of election to the NEC.

At Westminster, however, he retains—unlike Mr. Benn—the trust of centrist MPs, whose support, at the end of the day, would be essential. Whether he has gone out actively to win them over is another matter. He is not a natural self-publicist and does not even have a Parliamentary Private Secretary.

His campaign, if any, for the hearts and minds of the Parliamentary Labour Party is a low key affair. But his assets do include universal respect.

Yesterday, Shore resembled the young radical don. Now there is something of the Master of the college about him.

Inflation 'will stay in single figures'

By John Hunt

A FORECAST that inflation will remain in single figures for the rest of this year and throughout 1979 was given to the Commons yesterday by Mr. Roy Hattersley, the Prices Secretary.

He told Mr. Michael Neubert, one of the Conservative spokesmen on prices, that the evidence for this was overwhelming, provided that wage settlements continued to be made at a moderate level.

Mr. Neubert reminded him that the Government had admitted that a given increase in earnings was likely to produce an equal rise in prices.

Therefore, as earnings were increasing at 12 to 15 per cent., the return to inflation in double figures was more a question of "when" rather than "whether."

But Mr. Hattersley retained his optimism during further exchanges. "The real reward of two years' sacrifice is that during 1978 and into 1979 there will be a real improvement in living standards," he declared.

His assertions brought an angry protest from Mrs. Sally Oppenheim, "shadow" Prices Secretary. She wanted to know how the Government could expect congratulations for taking four years to bring inflation down only temporarily into single figures. During that period, prices had almost doubled.

"You have not grasped that the people of this country, far from awarding an accolade to this Government, will neither forgive nor forget that it was a Government of high prices," she told the Secretary of State.

Answering questions on inflation Mr. Hattersley recalled that the retail price index rose by 0.6 per cent. in January bringing the annual rate of increase down to 9.9 per cent. for the first time since October, 1973.

The total increase since March 1974, when Labour came to power, had been 84.7 per cent. The revised figure for the rise in the Price Commission index for the six months to January was 5.9 per cent. at an annual rate.

Japanese seek foreign help to clean up loan sharks' pool

Tokyo, where a consumer loan can cost 109 per cent. a year.

BY YOKO SHIBATA

RECENTLY two American consumer loan companies, United Finance and Hawaii Thrift and Loan, have obtained licences from the Ministry of Finance to establish wholly owned subsidiaries in Japan. Avco Finance Service (third largest in the U.S.) has been already operating in Japan since last July in this field. Two other U.S. major consumer loan operators, Household Finance (the world's largest) and Beneficial (second in the U.S.) are also planning to establish subsidiaries in Japan.

Belying its reputation for being highly protective against foreign initiative, the Ministry of Finance has been keen to invite foreign consumer loan companies to Japan. By means of fair competition with foreign consumer loan operators, the Ministry intends to regulate Japanese money lenders' extortionate interest rates. It also hopes to develop consumer loan companies into sound and mature social institutions.

Consumer loans in Japan are called "salary loans" or "sarakin" because they are extended to salaried workers. Salary loans, because of the simplicity of borrowing procedures and the lack of mortgage requirements, have expanded rapidly since the 1960s. There is no way of obtaining exact figures on how money lenders are actually operating. Loan companies are only required to notify the prefectural authorities in their respective areas after they have opened for business. Moreover, many companies have a habit of repeatedly notifying the authorities of the opening and closure of their businesses in order to evade tax. According to prefectural figures, there were 160,670 consumer loan operators across the country as of the end of last September.

The Tokyo Consumer Finance Association estimates that about one-third of these companies are actually operating. However, there are many others which are not registered — so-called "loan sharks," lending black market money. As a rule, interest rates on consumer loans are very high. Even major consumer loan companies running nation-wide branch networks, charge 70 per cent. per annum. Many small and medium-sized companies charge as much as 109.5 per cent. (9 per cent. per month) which is the legal upper limit for small consumer loans. There have been endless troubles concerning extortionate interest rates and violent methods used to enforce payment. The national police agency carries out a check on consumer loan operators every November. Last November police arrested 814 persons for illegal lending (a 14 per cent. increase over 1976), of whom 619 were charged with demanding illegal rates on loans.

The number of victims of extortionate lending, particularly among salaried workers and owners of medium and small industries, is also rapidly increasing. The law, apart from setting a ceiling on interest rates, offers no real protection. The Government salary loan liaison committee, consisting of the ministries of Finance, Administrative Management, Justice, Economic Planning and the National Police Agency and the Prime Minister's office have discussed measures to regulate salary loans no fewer than six times since last autumn. At its most recent meeting, the liaison committee decided to investigate real conditions surrounding salary loans by the end of April.

However, each Government authority is very reluctant to take the initiative in attempting to supervise the troublesome consumer loan industry. The National Police Agency says: "Even for police regulation conducted once a year, the agency has to mobilise 3,000 to 5,000 policemen. It is impossible for us to supervise the industry effectively. They should be under the control of the Ministry of Finance." The MOF says: "Because of the character of money lending, people often call on the MOF to exercise jurisdiction over the consumer loan industry. The Ministry has no intention of supervising the industry." The present situation is that consumer loan industry is under the jurisdiction of the Medium and Small Industry Bureau of the MOF, but not under the Banking Bureau.

The level of interest rates on consumer loans are blamed by the Ministry on the immaturity of the consumer loan system operated by Japanese city banks. In the days of high economic growth, the banks were busy meeting the needs of big corporations and failed to serve individual customers requiring loans with no mortgage. In this field, Japanese banks are far behind those of the U.S. and Europe.

Apart from encouraging the entry of foreign consumer loan operators, the Government plans to give administrative guidance for city banks to start consumer loan services in order to prevent ignorant borrowers from succumbing to loan sharks.

Meantime, there are some moves towards voluntary self-restriction among the salary loan operators themselves—mostly inspired by Avco's arrival last year and its relatively low interest rates on loans (48 per cent. per year). The Japan Consumer Finance Association (with a membership of 20-30 per cent. of the industry) recently adopted a code of conduct within industries and a recommended maximum interest rate of 83.95 per cent. per annum.

The same code prohibits members from putting undue pressure on borrowers — for instance, by visiting a borrower's home or telephoning after midnight. The same code also calls on collectors to dress properly and refrain from using rude words and "unnecessary dark glasses."

There is, clearly, an attractive diversification prospect for Japanese banks, now complaining about the sluggish demands for money from large corporations.

Early this year, one of the major city banks did in fact announce plans for a new consumer loan service mainly intended for salaried workers. Under the system, which is authorised by the Ministry of Finance, any person who has a deposit with the bank and meets a certain credit standard will be able to borrow up to Y2m. Sanwa's loan service operates on a 9 per cent. annual interest rate and requires no mortgage.

Mitsubishi Bank also revealed recently that it has plans for a consumer loan service and is currently seeking approval from the Ministry of Finance. A new consumer loan service by two major banks are likely to encourage other city banks to follow suit.

The Management Page

EDITED BY CHRISTOPHER LORENZ

The man who aims to revive the fortunes of Fairey-land

Kenneth Gooding, talks to Angus Murray (right), the newly-appointed chairman of Fairey Engineering Holdings—now owned by the National Enterprise Board. His first task will be to rebuild morale, and to find a chief executive for the company.

ON THE face of it Angus Murray and Fairey Engineering are well matched. He has a reputation for being a "company doctor" and the Fairey business with which he has recently become associated crashed financially last Autumn, leaving the pieces to be picked up by the National Enterprise Board.

However, well suited though they may be, it is not for these reasons. For the fact is that Angus Murray dislikes the "company doctor" tag and insists that since 1970 he has been a "professional self-employed manager/non-executive director," and that he just happened to be available when the NEB was looking for a chairman for Fairey in a hurry.

Fairey Engineering's medium girder bridge.

At the same time, those companies bought by the NEB from the receiver of the old Fairey group and collected together under a new banner—Fairey Engineering Holdings—are with one possible exception profitable operations. The NEB itself certainly does not see Fairey as a lame duck and, since it became involved in a battle for control (Trafalgar House group also wanted the non-aviation interests of Fairey), it has to some extent staked more than usual on Fairey's future success.

Angus Murray has established his reputation during a career that has ranged across management consultancy and key posts in a variety of companies. He has experienced the ups and downs of business life in good measure, enjoying, for example, the praises of being champion of the minority in a company tussle three years ago and then facing criticism last year from the City Takeover Panel during a separate and strongly contested takeover.

Mr. Murray was approached by the NEB at the beginning of January to take the chairmanship of Fairey and within two weeks he had agreed to accept the post. He has a three-year contract with an option to extend by mutual agreement. Mr. Murray, 58, does not see this as a short-term appointment. He happened to be available because 1977 had been a particularly hectic year in which he "lost" two chairmanships.

The first was at Newall Machine Tool which he joined in 1976 when the company was looking for a new chairman. Newall was taken over last June by B. Elliott, another machine tool business, and Mr. Murray was by no means pained by this outcome. "Newall," he recalls, "was in the first division as far as international markets were concerned. It was in the first division as far as technology was concerned. But it was in the third division as far as resources go. The merger with B. Elliott gives it more financial muscle." Mr. Murray left Newall with a "thank you" in the form of £15,000 compensation for loss of office.

There was a not-so-friendly end to his chairmanship at Crane Fruehauf, the vehicle trailer makers. After a 15-month fight against a bid from the Fruehauf Corporation of the U.S., the Americans marched in. But not until the offer price had been pushed up from 27p to 100p. Once the Americans gained control they made it quite clear they wanted Mr. Murray to leave as quickly as possible—which he did at the end of last year.

The dust raised by the Crane Freuhauf brouhaha attracted the attention of the NEB which was in the process of approaching several likely candidates about the Fairey job.

Sir Leslie Murphy, chairman of the NEB, told Mr. Murray that Fairey must be managed to the highest standards of publicly-quoted companies and that the NEB also wanted it to perform well—to be in the upper quartile of the engineering sector.

They discussed whether the appointment should be full-time or part-time. Mr. Murray said he could be available for two to three days a week. But this takes no account of the current period when he is engaged in an initial hectic burst of activity getting to know the Fairey group.

Objectives

One of his first objectives will be to find a chief executive and then to strengthen the Board as necessary with the appointment of one or two non-executive directors.

Mr. Murray believes that no public company Board should be overloaded with full-time executive directors. "If a Board comprises substantially the chief executive and others who are his subordinates it is difficult to get a balanced view. It is also difficult for such a Board to monitor operating performances impartially. Non-executive directors cannot avoid their watchdog responsibilities, but just as importantly, they must be capable of acting as consultants to whom the full-time managers can look for advice."

So Mr. Murray wants a Fairey Board which will include experienced non-executive directors who will contribute to the development of group strategy in consultation with the executive directors.

Another immediate task at Fairey is to rebuild morale which understandably sagged during the uncertainties leading to the collapse and the period of receivership which followed. For this reason Mr. Murray has decided to advertise publicly the chief executive's job rather than go to "headhunters." The advertisements will first be seen by the existing full-time management teams and then appear in the Press, starting on March 9. They will explain, among other things, Fairey's relationship with the NEB—something which may not be clearly understood by many within the group. ("Are we all to become civil servants then?" was one comment.)

Mr. Murray will retain his chairmanship of Redman Heenan International, the Worcester-based engineering group which has been responsible to some extent for his "company doctor" image. He moved in at RHI in 1971 after it had been through a near-disastrous period. The overdraft had reached £7.7m., far in excess of shareholders' funds, the Midland Bank was refusing to allow it to go any higher, suppliers were threatening to cut off deliveries and writs were arriving in nearly every post.

For the first five years at RHI, Mr. Murray had to depart from his own philosophy regarding the need for the chairman and the chief executive to be separate people. The bank insisted he fulfil both functions at first. But the group had to be turned round before he could recruit a manager of the calibre he was looking for. And that took time.

After some radical surgery and a drive on debtors, the position was stabilised and RHI was eventually rebuilt to good health. In the past six years, Mr. Murray and his team have cut borrowings from 183 per cent. of shareholders' funds to just 8 per cent. and produced a steady improvement in profits to £2.5m.

Mr. Murray started his career as an engineering apprentice just before the war and says the value of that experience was in seeing how the shop floor operates. "My first job was to collect bets from the older hands, sneak out of the factory and place them with an illegal street-bookmaker. In the afternoon I had to sneak out again to get the newspapers with the racing results."

He completed an engineering degree at Glasgow University just after the war—from which he had emerged with two Military Crosses. He says he learned a great deal about man management in those war time days.

Shortly after he was awarded his degree he joined the P-E Consulting Group and spent the next nine years as a consultant operating mainly in the fields of financial controls and marketing rather than drawing on his engineering background. A variety of industrial jobs followed, including a spell with Standard Pressed Steel, the American-owned business, covering the U.K., Europe and the Middle East. This gave him a chance to learn about U.S. industry, U.S. political infighting, corporate planning, and American business attitudes in general.

In 1970 he returned from an appointment in South Africa to join a team of industrial advisers led by Sir Ian Morrow at Hambros, the merchant bank. Later that team was to become Hambros Industrial Management and it was via the Hambros link that he went into Redman Heenan and Crane Fruehauf.

In his capacity as a professional non-executive director he has been on the Board of Sandvik, the British part of the Swedish steel products group, for several years.

Watchdog

Another of his non-executive directorships brought him into the City limelight when, in 1975 as a director of Newman Industries, the electric motors concern, he had doubts about a deal with Thomas Poole and Gladstone China (TPG), a company which shared the same chairman—Mr. Alan Bartlett—as Newman. Mr. Murray's public announcement that the Newman Board was not unanimous about the TPG deal alerted the Investors Chronicle and that magazine's comments supported the Prudential Assurance, a small shareholder in Newman, in the action which the Pru took. That action continues.

Such are the vagaries of City life that Mr. Murray, who found himself having to take the role of a watchdog non-executive director in the Newman case, last year had his knuckles publicly wrapped by the Takeover Panel. This was after the U.K. directors on the Crane Freuhauf Board announced the withdrawal of a profits forecast made by them in the context of an earlier bid from the Inchcape Group.

Although, for technical reasons, the reprimand was addressed to Mr. Murray in his capacity as chairman, it was really a case of the panel reminding merchant bankers that any forecast made during a bid defence could not be simply discarded.

Since the beginning of February Mr. Murray has been touring Fairey establishments and talking to managers and other employees. Among other things "I look at the people's faces to see whether they are glum or happy. That can tell you a lot about what is going on in the company."

Of the eight subsidiaries which make up Fairey Engineering Holdings, Mr. Murray says: "There is a depth of technological skill and engineering expertise within these companies that is second to none and which we intend to develop to the full.

"In particular, Fairey Engineering and Fairey Nuclear have been involved in every phase of the U.K. nuclear power programme since the birth of nuclear power and are also actively involved in the research, development, manufacture, supply and installation of nuclear equipment including the export of research and training reactors.

"In view of the recent discussions on the planning of a new British nuclear programme, it is important to establish these two companies' proper position in the nuclear industry in order that they can play their full part in the new programme and develop their export potential in specialised areas even further to the advantage of the nation."

He points to another example of the group's inherent engineering viability. The export sales of Fairey Engineering's medium girder bridge were worth £35m. last year and since the aviation side of Fairey went into receivership last October overseas sales have totalled a further £12.5m.

Mr. Murrey insists that now the companies have been freed from the shackles associated with Fairey's loss-making aircraft business in Belgium they can retain the cash which they generate. The group also has good external borrowing facilities—it does not need to turn to the NEB for cash—so it has the finance and potential to expand both organically and otherwise.

The headaches of sending an employee abroad

SENDING AN employee abroad for a long spell is not only highly expensive, but fraught with time-consuming management problems. These can vary from the recruitment of suitably highly qualified staff to the more mundane problems of marriage counselling and helping them find accommodation for their pets.

Personnel and training costs for overseas-based employees are inevitably high, Mr. J. N. McMeeking, group personnel manager of construction group Balfour Beatty told a conference on the administration of executives working abroad, last week.

His company's experience had shown that, in order to reassure managers abroad about their future career, it was necessary to carry out some form of regular appraisal, either annually or at the end of each contract. He made this point in a paper he gave to the conference, organised by the Institute of Chartered Secretaries and Administrators on Employment Conditions Abroad.

Mr. McMeeking also warned that it was almost impossible to give the right sort of briefing to employees and their families going abroad for the first time or to a new country. "If they have too little information they may flounder—but too much could frighten them off, he said.

The problems of retraining staff, he said, were easily underestimated. They could be divided into two main areas. While abroad, employees may miss information on new processes and techniques being developed at home.

And on returning to the U.K. there were the problems of re-absorption into a changed U.K. situation. The costs of this retraining and training are very often overlooked, said Mr. McMeeking.

His company expected staff going overseas to be of a "higher calibre" than their U.K. counterparts; but when recruiting outside the company, the high salaries appeared to attract staff "who simply want the cash and are not themselves necessarily either capable or appropriate for overseas jobs."

Once overseas, employees developed a keen awareness of other people's benefits and perks and "the comparisons made between my house, your house and other people's houses, their car, what their wives do or wear is even sharper than in fairly close-knit communities in the U.K." It is this which accounts for the strong demand for facilities to join clubs, have chauffeur-driven cars, or domestic staff.

Family stresses may become greater in a tight community, and senior managers can even end up marriage-counselling, which as Mr. McMeeking points out is not something you can cost.

When a family returns to the U.K. it may often find that it cannot immediately regain possession of its home, which has been let out, so the company then faces the additional and perhaps unexpected cost of hotel accommodation.

"It is no longer sufficient just to say money is an answer to all the problems." Although you might get away with this once or twice, Mr. McMeeking warned that in the "long-term you need to be very careful about your overall intentions. After all, companies often need people to go overseas, not on a once-off basis, but repeatedly."

. . and estimating how much to pay him

SOME COMPANIES despatching an employee for a stint abroad have been known simply to double his salary for want of any better indicator of what to pay. The problems of assessing the correct level of remuneration for ex-patriate employees are legion, as last week's conference made all too plain.

Maintaining executives and managers abroad can be inordinately expensive to companies and they obviously need something better than rule of thumb methods for calculating a fair salary. The ex-patriate—assuming his home base remains in the U.K.—needs both to maintain his standard of living in the country where he is working and still be able to meet his continuing costs at home—such as mortgage, rates and children's education.

An employee has three main requirements while working abroad, Mr. A. J. Arthur, director and head of research and advisory services at Employment Conditions Abroad, told the conference: "One, an employee is not expected to see his standard of living fall as a result of accepting an appointment abroad; two, he does not suffer by comparison with his peers in other comparable employment; and three, local custom should be observed—where living-in servants are the norm, appropriate provision should be made."

Mr. Arthur pointed out that the assessment of living standards was a relatively easy task in the U.K. because of the high quality of the annual family expenditure survey. Someone earning £8,000 per annum, for example, spends £4,200 on "daily expenses."

The problem comes when one tries to equate U.K. living costs with those of another country. Jumpy exchange rates can make cost of living indices an unsatisfactory measure, and some of the constituent figures of the indices may not be relevant to the expatriate—such as mortgage interest rates.

Instead, Mr. Arthur turned to four major international indices—the Washington index, the United Nations index, the Wiesbaden index and his own Employment Conditions Abroad index. In spite of different weightings within each of these indices, he found a "remarkable degree" of similarity between them, once adjusted to a common base.

Another problem in assessing the cost of the local package is housing. In many countries it is normal practice for the company to provide either rent-free accommodation or to charge little more than a pepper-corn rent. Where the employee has to fend for himself and find his own housing, U.K. companies usually build this into his remuneration package.

But each country may have special problems which have to be individually catered for, such as the cost of air conditioning or the membership fee for a club.

Other special costs may include the local education of children—usually very high—or the employment of domestic staff where this is a normal part of executive status.

The second part of the package outlined by Mr. Arthur is intended to enable the expatriate to maintain his continuing commitments back in the U.K. These include pension and national insurance contributions, the possible costs of keeping children at boarding school, and expenses on leave.

In addition to all this, "some incentive must be offered to an employee to persuade him to leave the comforts of home in Hemel Hempstead for a sojourn in Sierra Leone," he emphasised. Although career development, a yen to travel or a chance to avoid U.K. tax may be an incentive to move abroad, an additional inducement was accepted as normal.

"There is one last consideration . . . sometimes called hardship allowance, sometimes location payment, even compensation for cultural shock. All this means of course, is that some places are less attractive than others, and additional cash is a necessary form of inducement," said Mr. Arthur.

A further problem is the method of payment. Some companies will split the package, paying the overseas element in local currency and the home element in sterling. "But there are many cases where it is much more convenient for the foreign subsidiary, association or branch to pay the full amount locally," said Mr. Arthur.

He urged that the home element should always be calculated in sterling and "that any changes in the exchange rates are brought into the calculations at each review."

Jason Crisp

LOMBARD

Supping with the Communists

BY DOMINICK J. COYLE ROME, March 6.

SIR ALAN Campbell and Mr. Richard Gardner are, respectively, the British and American ambassadors in Rome, hence it is not surprising that they each try to maintain close contacts with most Italian government leaders, including Sig. Giulio Andreotti, who has been toiling almost day and night these past seven weeks or more to try to form a new administration and who now at last is about to succeed.

Sig. Andreotti, for his part, has increasingly regular meetings with the Secretary-General of the Italian Communist Party (PCI), Sig. Enrico Berlinguer, because the facts of present-day political life (and of parliamentary arithmetic as well) in Italy are such that no government can survive without the tacit support of the Communists. Yet Sir Alan and Mr. Gardner do not themselves have diplomatic contact with Sig. Berlinguer, although some other important embassies do, including for example, the West German envoy.

Welcome guest

Ambassadors, of course, represent governments and only rarely contribute in any substantial way to the formulation of policy, so this Anglo-American diplomatic ban on Sig. Berlinguer is not of the ambassadors' own making, but is a policy decision imposed initially, and still maintained, by London and Washington. Meanwhile, the electoral support for the PCI has climbed to some 35 per cent. of the popular vote, while that of the Italian Socialists (PSI) is now a mere 10 per cent. Yet its top leader, Sig. Bettino Craxi, is a welcome guest at both Rome embassies, and in fact was received by the Prime Minister when Mr. Callaghan was in Rome last September. Sig. Berlinguer was not.

The Prime Minister is both sensitive and concerned on this delicate question, sensitive because he is known personally to be in favour of continuing the "ban" on Sig. Berlinguer, but concerned too since members (and not just known left wingers) of the Parliamentary Labour Party are understood to have raised the matter with him on a number of occasions recently. He is believed to have reviewed the situation with senior U.K. embassy personnel during his last visit here. The Foreign Office, too, but separately, has lately been looking into the question of continuing with the established policy, although the initiative here is thought to have come mainly from party political advisers to the Foreign Secretary, and more those of Mr. Anthony Crosland than his successor, Dr. David Owen.

For the moment, and in so far as HMG is concerned, the "Ban" stays, and the recent public statement on behalf of the Carter Administration that the U.S. Government would prefer to see a reduction (and certainly no increase) in Communist influence in Western European countries suggests that Mr. Gardner is not about to invite Sig. Berlinguer to supper.

True, there has been some breaking of the ice, and Sig. Giorgio Napolitano, a senior member of the PCI's central committee, did attend last years TUC conference at Brighton. A delegate, rather than Sig. Napolitano by name, had been invited, but there was some well-founded private speculation at the time that the Labour Government had suggested to the U.K. embassy in Rome that Sig. Berlinguer himself should be dissuaded diplomatically in the unlikely event of him deciding to go himself.

The point really is whether the time is not now opportune to look again seriously at this whole question. The Italian Communists have made it clear that they welcome contacts at a higher level in both embassies, and obviously they are constantly searching for recognition. Yet like it or not, the PCI today is a powerful force in Italian politics, which the Italians themselves are increasingly recognising.

More informed

The now infamous (in Italy at least) U.S. State Department declaration opposing any PCI participation directly in government—as Sig. Berlinguer was demanding publicly a few weeks ago, only to settle not surprisingly for a great deal less—was interpreted in Rome as being both unnecessary and almost counter-productive, since no such prospect of securing a share in cabinet seats ever did exist realistically at this time.

It has been said since, however unkindly, that the State Department might not have so spoken, had the U.S. embassy line from Rome been more informed and not apparently to have mistaken the original PCI demand as being the party's real negotiating position. For Mr. Gardner, as indeed for Sir Alan Campbell, face-to-face contact and diplomacy with the Communists at the top might, for the respective governments, be a useful precaution against the risk of misinterpreting the policies and objectives of a party which is not, of course, averse to speaking with forked tongues.

FILM AND VIDEO BY JOHN CHITTOCK

The shape of TV to come

WHEN THE history of broadcasting in the 20th century is written, an emergent theme will be the preoccupation in the 1970s with the *future* of the medium. What happens to-day has almost become irrelevant: it is tomorrow that everyone is worrying about. The exhaustive Annan Inquiry into the Future of Broadcasting was not itself a cause but merely a symptom, hastened by prodigious technical developments.

The theme has now been taken up by the Independent Broadcasting Authority with a short series of lectures—the first given two weeks ago by their head of engineering information, Dr. Boris Townsend. Like most engineers, Dr. Townsend is very sceptical about some of the more spectacular developments now in the television pipeline; but unlike many, he dispenses this view with great wit and self-deprecation.

'Moonshine'

Thus he reminded his audience that Lord Rutherford had said, after splitting the nitrogen atom, that anyone expecting atoms to yield a source of power was "talking moonshine." Better still, Dr. Townsend told of a well-known television engineer —whose opinions he still values —who had sworn an affidavit to the Federal Communications Commission in the U.S. stating that the shadow-mask colour display tube could not be mass-produced (this is the now familiar tube used on colour TV sets).

Dr. Townsend might have added that a few years ago he had been a member of a committee of TV and film engineers which laughed off as impossible the idea of an electro-mechanical video disc—just a few weeks before Telefunken launched such a system in Germany.

Nonetheless, the engineers are quite unanimous about many matters, some of which are close enough to remove most of the uncertainty from prediction. Of these, perhaps two of the most commercially important are videotape recording and digital transmission.

Currently, broadcast television relies on expensive videotape machines using two inch tape to record and replay programmes over the transmitters (and most programmes to-day are pre-recorded). The two-inch videotape recorder is now being displaced, however, by the one-inch machine which uses simpler engineering but which, until recent times, was not capable of achieving broadcast standards. The one-inch machines are much cheaper and occupy smaller space. Yet Dr. Townsend believes that before the new one-inch machines have time to replace the two-inch equipment, digital television will take over; again using one-inch tape but a totally different system of television transmission.

Our present television system relies on signals being transmitted in an analogue form: that is, with variations in the signal occurring as a continuously ascending or descending value. Digital television breaks the signal down to a minute series of absolute values, so that the variations actually occur in steps, but too close together to notice.

The advantages of digital television are considerable. Because the signals comprise absolute values rather than continuously changing ones, they can be processed as as a binary code by computers. Visual interference (called "noise") can be cleaned out, transmissions can travel very long distances with less distortion, equipment can be simplified and the TV images can be processed in numerous ways. The colour TV pictures sent from U.S. space missions were enhanced in quality by digital techniques, which is why they were so good.

Britain is, incidentally, one of the leaders in this field, pioneering for example the digital converter (known by the acronym DICE) which is used to transfer U.S. television programmes (made on the NTSC system) to the European PAL system. The results of this conversion on transfer are indistinguishable from the original; indeed, they might even be better on transmission. It also opens the way for TV transmissions along fibre optic cables, another technology in which Britain is very active.

Such issues are clear of the speculation and argument which occupies the fraternity at the end of the day. Television engineers all agree also that TV equipment is going to get smaller, computerised, automated and easier to service.

There are, however, some grey areas. Dr. Townsend, for example, does not believe that the day of the large television screen that can be hung on the wall is near; many but not all experts agree with him. Liquid crystal technology is one route being tried, and such a receiver has been developed recently by Hitachi. At the Montreal Olympic Games, another solution tried was a vast matrix of electric light bulbs—each one modulated separately as a tiny component of the picture information; unfortunately, however, with tens of thousands of bulbs required there is always a constant need for replacements as the bulbs blow.

Stereoscopic television is also dismissed by Dr. Townsend, largely because he doesn't believe it is really wanted—although it is quite practical now if Polaroid spectacles are worn by the viewers. Nonetheles, the Science Research Council has just made a small grant to Professor David Bell at Hull University who is investigating one aspect of 3D television.

In Japan, there is some optimism about future developments and forecasting has been a game undertaken there by many. Large scene TV has been variously predicted as arriving in 1978, 1981 and 1984, videophones as coming by 1986, 1990 or 1994, and world-wide home data processing by 1989, 1994 or 1999.

Some of the problems of the future will not be technical ones at all, but political. There is already a hint of this with Viewdata—concerning issues of access and the politics of publishing. On the Continent, a row has already started over teletext: some argue it is a broadcasting function, others that it should be handled by the newspaper industry. Happily that conflict has been avoided in Britain.

Unemployment

Satellite TV transmissions will yield another political problem: territorial boundaries. A satellite over Uganda could reach half-a-billion viewers. In some cases governments may resent this, in others the copyright owners might object. It is already happening in Europe where adjacent countries receive each others' programmes easily.

The biggest problems of all may well turn out to be those of labour. The engineers are designing cost-effectiveness into the system at a time when unemployment may render it undesirable. This is a matter the industry seems very worried about and has caused one expert Mr. Robin Scott to point out that £4m. of new TV studio equipment was currently blacked. Dr. Townsend neatly summed it up by quoting James Thurber—"progress is all very well, but it has gone on long enough."

Wealth Tax is best bet

RACING BY DOMINIC WIGAN

JONJO O'NEILL maintained his progress towards a record haul of over 130 winners for a single season, when bringing home Rambling Artist and Qualuz at Haydock on Saturday. There is every chance that he can continue the good work at Kelso this afternoon.

Here the heir apparent to Tommy Stack's championship partners Wealth Tax, the newcomer, and two course winners in Tel Brig and Bountiful Charles. I expect all three to win.

Wealth Tax who goes for Div. 1 Part 1 of the Crailing Novices Hurdle, could well be the best bet of the trio.

Reported to be ready to do himself full justice on this, his first public outing over the minor obstacles, Wealth Tax, a useful performer on the flat for Barry Hills, should not be hard-pressed to beat some poor opponents.

The Stallion Review, that highly worthwhile publication, has just been published for this year, and it is well worth close scrutiny.

It contains particulars and photographs of almost every thoroughbred stallion of note in the British Isles and Ireland—and of many in France. It also has an extremely interesting section listing the sires responsible for Pattern Race winners during the last five years.

In this section, one finds that Sir Ivor has achieved the staggering total of 19, while another sire of the same age, Vaguely Noble, has notched up 12. Others with notable records to boast are Sea Hawk (12), Relko (12), Habitat (12), Luthier (11), Busted (10), Crepello (9), Bold Lad (9), Derring-Do (9), and Nijinsky (9).

Those now Kentucky-based young sires, Sir Ivor and Vaguely Noble, who fought out the finish to a memorable "Arc" at Longchamp have, as can be seen by the records in The Stallion Review, been doing outstandingly well.

Sir Ivor's Pattern Race winners include Ivanjica, Malinowski, and Cavo Doro; while Vague Noble's include Dahlia, Empery, Missipian, and Noble Decree.

The Stallion Review is produced in conjunction with the Bloodstock Breeders Annual Review and costs £5.50.

KELSO
1.15—Wealth Tax***
2.45—Byzantium
3.15—Tel Brig
3.45—Bountiful Charles
4.15—Happy Boy II
4.45—Swallow Hill

PLUMPTON
3.15—Crowning Issue
4.15—Princes Arcade*

WARWICK
2.00—Lucky Louis**
3.00—Dutchman

Swedenborg skull makes £1,500

SALEROOM ANTONY THORNCROFT

THE SKULL of Emanuel Swedenborg, the 18th century Swedish scientist and theologian, is returning to Sweden. It was bought at Sothebys' yesterday for £1,500, below expectations, by the Royal Academy of Science in Stockholm and will join other Swedenborg memorabilia in Upsala Cathedral.

Swedenborg was buried in London but his remains, with a substitute skull, went to Upsala in 1908. Now what is generally considered to be the genuine skull joins the rest of his remains.

A Sotheby's assistant holds the skull of Emanuel Swedenborg, the 18th-century scientist and theologian, which was sold for £1,500 yesterday.

Sotheby's also held a good glass auction which totalled £63,471.

A London dealer, bidding on behalf of an Irish buyer, paid £6,200, more than double the estimate, for a goblet, c. 1720, with portraits of William and Mary. It was probably made in Dublin.

In 1963, the same goblet sold at Sotheby's for £1,624.

Sheppard and Cooper bought a stipple engraved wine glass by David Wolff, c. 1775, for £1,900, and the same sum acquired a goblet commemorating the King of Prussia, made c. 1757.

Lazarus, bidding on behalf of Harveys of Bristol glass collection, paid £1,700 for a mid-18th-century privateer glass.

A polychrome pumpkin tureen, with cover and leaf stand, sold for £12,000 (plus the 10 per cent premium) at Christie's yesterday—a new auction record for a piece of Dutch Delft.

It was bought by Baskett and Day, the London dealers, in a £115,498 sale of Continental pottery and Italian maiolica.

The same item, which has a stand with blue GVS mark and was made c. 1765, last sold at Christie's in April, 1974, for £10,500, a record for Dutch Delft which stood until yesterday's sale.

A pair of Brussels faience cauliflower tureens, dating from the same period, were bought by the same dealer for £5,500. A mid-18th century Strasbourg faience pigeon tureen and cover, modelled by J. W. Lanz, went to Stodel (London) for £4,200, as did a cauliflower tureen with pierced stand of similar date and period, for £3,500.

Amelung, the German dealer, paid £7,400 for a pair of Schrezheim shaped oblong wall plaques from a set of the Four Seasons.

Thomas Cook profits top £5m.

BY ARTHUR SANDLES

THOMAS COOK, State-owned until 1972 and now a subsidiary of the Midland Bank, almost doubled its profits in 1977 to £5.73m. The once floundering North American operation's move into £1m. profit and successful U.K. retailing and profits from foreign exchange operations, produced the improvement.

The Midland acquired the minority interests in Thomas Cook last year. They were previously owned by the Automobile Association and Trust Houses Forte. During the year and in 1976, there was considerable international reorganisation and a new mood of aggression in Cook advertising—a market place attitude which has not always gone down well with High Street competitors.

Worldwide Cook sales reached nearly £2bn., including travellers cheques, but gross revenue dropped by £3m. to £51.5m. This was due to the improved value of sterling and loss of revenue from the freight forwarding business sold early in the year.

"Progress of the business overall since denationalisation in 1972 may be measured by a three-fold increase in turnover and a rise in pre-tax profits to a level some 13 times greater," says Cook.

Vagaries

Mr. Tom Fisher, the company's chief executive, said yesterday that in the U.K. "the present year has started well in the holiday travel field. Our business, however, is essentially multi-national and we are at all times exposed to the vagaries of the international economic and financial climate."

Referring to the intervention into the British market of Tjaereborg, the Scandinavian direct sell tour operators, and to changes in trading practices after the intervention of the Office of Fair Trading, Mr. Fisher said that "competition was likely to become more fierce, as would the development of direct selling activities of overseas competitors.

"However, we strongly believe that well established travel businesses commanding modern resources and efficient staff will continue to fulfil an indispensable need for the travelling public, both in the fields of leisure and business.

"We intend to maintain our position at the forefront of those who serve the travelling public and hope to double our sales within the next four years," Cook said.

APPOINTMENTS

Changes at Lloyds Bank

The Earl of Lisburne is to become a regional director of the South Wales Regional Board of LLOYDS BANK, which sits under the chairmanship of Mr. George M. Williams. The appointment is from April 1. Lord Lisburne is deputy chairman of Westward Television, a director of Independent Television Publications and a director of British Home Stores.

Earl of Lisburne

Three directors of Lloyds Bank group, Lord Netherthorpe, Sir Richard Calthorpe and Mr. Ian Macdonald retire at the annual meeting on March 30 having all reached the age of 70.

Lord Netherthorpe, who joined the Board in 1957, was for 17 years chairman of the North and East Midlands Regional Board and more recently chairman of Lloyds Bank Unit Trust Managers and of Beehive Life Assurance Company. Sir Richard joined the Board in 1972 on becoming chairman of the Southern Regional Board. Mr. Macdonald, a director since 1961 when he was already chairman of the National Commercial Bank of Scotland, was for 17 years chairman of Lloyds and Scottish.

★

The following appointments have been made within the FURNESS WITHY GROUP. Miss J. Chipping, Mr. R. S. Stringer, Mr. G. N. Coles, Mr. H. J. Hicks and Mr. H. M. Thompson, assistant directors of FURNESS-HOULDER (LONDON); Mr. G. I. Handley (Newcastle branch), a director of Furness-Houlder (Life and Pensions); Mr. P. A. Truett, a director of Furness-Houlder (Reinsurance Services) and Furness-Houlder (Overseas Insurance Services); Mr. R. L. Spearman, managing director of Furness-Houlder and Beveridge (Insurance Brokers); Mr. J. H. Laing, Mr. C. G. Taylor and Mr. J. T. Williamson, directors of Furness-Houlder and Beveridge (Insurance Brokers); Mr. R. G. Gristwood, managing director of Furness-Houlder Insurance (Northern); and Mr. R. Adams, Mr. C. Brown, Mr. M. A. Meek, Mr. W. A. Fuller and Mr. D. L. Tiffin, directors of Furness-Houlder Insurance (Northern).

★

Mr. Richard L. Hellman has been appointed a vice president and Mr. David Gradel, an international officer, at the European headquarters in London of SECURITY PACIFIC BANK.

★

Mr. Gerald Soane, marketing manager, has been appointed a director of CHEMITRADE, the U.K. operating company of the Steuber Group, U.S. He is responsible for the U.K. and international marketing of the company's chemical products.

★

Mr. Michael Pentreath is to become head of information at the DEPARTMENT OF INDUSTRY in succession to Mr. Raymond Tulte, who is retiring from Government service. Mr. Pentreath, at present deputy head of information, Department of Trade, will take up his new appointment shortly.

★

Mr. Kenneth M. Renton has been appointed a director of MOUNT CHARLOTTE INVESTMENTS and Mr. Sean P. Hall-Smith has resigned as a director.

★

Mr. Reginald Keel has been appointed to the main Board of TOZER KEMSLEY AND MILLBOURN (HOLDINGS).

★

Lord De L'Isle VC is to retire from the BOARD OF PHOENIX ASSURANCE COMPANY following the annual meeting in May. Mr. Jocelyn O. Hambro has been elected a deputy chairman. Lord De L'Isle was first appointed a director in 1950. On becoming Secretary of State for Air, an office which he held from 1951 to 1955, he resigned. He was again appointed a director in 1956. In 1961 he resigned once more on his appointment to be Governor-General of Australia. In 1965 he rejoined the Board and became deputy chairman in January 1966. In June the same year, on the retirement of the late Sir Edward Ferguson, he was elected chairman of the Board.

Mr. Jocelyn Hambro

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 a.m. Open University. 9.10 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 a.m.). 4.20 Wally Gator. 4.25 Jackanory. 4.40 Playhouse. 5.05 John Craven's Newsround. 5.15 Star Turn.
5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 Young Musician of the Year
7.20 The Rockford Files
8.10 The Good Old Days
9.00 News
9.25 "Pennies from Heaven" play with music in six parts by Dennis Potter
10.40 To-night
11.20 The Engineers
11.45 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—2.22-2.27 p.m. For Schools. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.15 Pobol y Cwm. 7.45-8.10 Ask the Family. 11.45 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University
11.00 Play School
2.15 p.m. Other People's Children
2.30 Having a Baby
†3.00 Propaganda with Facts
3.30 The Living City
4.55 Open University
7.00 News on 2 Headlines
7.05 On the Rocks
7.30 Newsday
8.10 International Pro-Celebrity Golf
9.00 Pebble Mill Showcase
9.30 The Man Alive Report: Hypnosis
10.20 Poems and Pints
10.45 Late News on 2
10.55 The Old Grey Whistle Test
11.35-11.40 Closedown. Stephen Thorne reads 'Poem' by Elizabeth Bishop

LONDON

9.30 a.m. Schools Programmes. 11.45 Felix the Cat. 12.00 Paperplay. 12.10 p.m. Rainbow. 12.30 A Fair Chance. 1.00 News. 1.20 Help. 1.30 Crown Court. 2.00 After Noon. 2.25 Sam. 3.20 The Rolf Harris Show. 3.50 Couples. 4.20 Get it Together. 4.45 Magpie. 5.10 Sportscene.
5.45 News
6.00 Thames at 6
6.25 Crossroads
7.05 Dave Allen
7.35 Charlie's Angels
[illegible]
9.00 Wilde Alliance
10.00 News
10.30 A Change in Mind
11.30 Gibbsville
12.25 a.m. Close: Leonard Pearcey reads a poem by Louis MacNeice

All IBA Regions as London except at the following times:—

ANGLIA

[illegible]

ATV

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

... Reardon on Snooker. 12.00 New Vaudeville Band at the Wheeltappers.

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Dave Lee Travis including 5.30 Newsbeat. 7.00 Folk 78 (S) (joins Radio 2). 9.02 As VHF. 10.02 John Peel (S). 12.00-1.02 a.m. As Radio 2.

VHF Radios 1 and 2—6.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 With Radio 1. 12.00-1.02 a.m. With Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Ray Moore with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Nick Page (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 (S). 7.30 On the Third Beat (S). 8.02 Hubert Gregg at The London Theatre, part 35: Strand/Aldwych. 9.02 Beat the Record. 10.30 Googie Withers and John McCallum say Be Our Guest. 11.02 Brian Matthew with The Late Show including 12.00 News and Cricket—Third Test: New Zealand v. England (report).

RADIO 3 464m, Stereo & VHF

† Medium Wave only

†6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Szymanowski and Lutoslawski (S). 9.45 Music for Strings (S). 10.45 Plainsong and the Rise of European Music (S). 11.45 Flute, Clarinet and ...

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

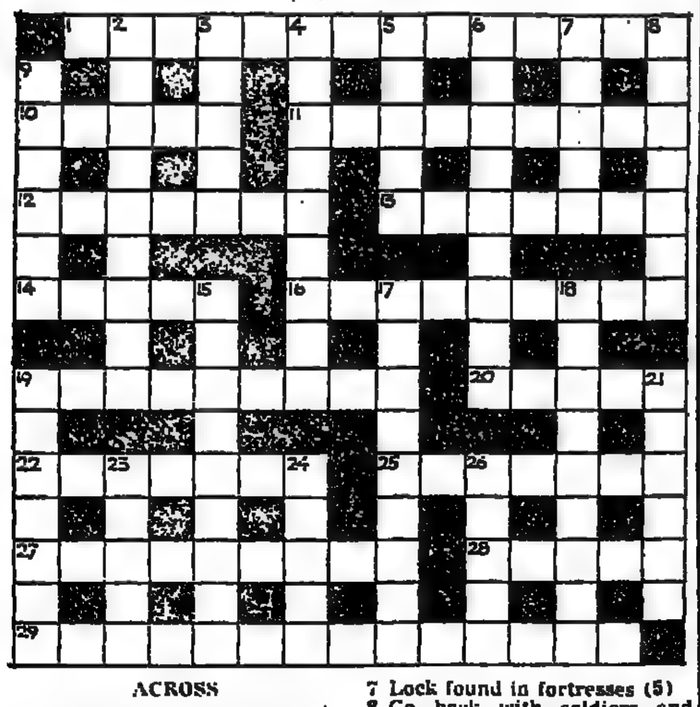
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,611



ACROSS

1 Star in "Mud" goes to render a remedy (7-7)
10 Old saying requires notice before time (5)
11 Prevent chap making a cleansing agent (9)
12 Exterminate hybrid mice peculiar to one area (7)
13 Rite embracing positive repartee (7)
14 Fish to put to flight after the end of August (5)
16 Broke in dry-cleaning fluid (9)
19 Feeling I must appear in judgment (9)
20 ... is the number to mark (5)
22 Soldiers left part of church to fall back (7)
25 Drum a doctor found during tour (7)
27 Extensive and indiscriminate price to a retailer (9)
28 Condescend to put soldier back in retreat (5)
29 Acknowledge skill and integrity (14)

DOWN

2 Undulating vertically throughout (2-3-4)
3 Unit of the marines? (5)
4 Communist movement requiring correction (9)
5 Father making Irishman hesitate (5)
6 Citadel producing a season's yield on unusual soil (9)
7 Lock found in fortresses (5)
8 Go back with soldiers and stand a round (7)
9 Plate on top of table, that's obvious (6)
15 Follow musical composition using end of violin (9)
17 Sherbet we mixed should add flavour (5, 4)
18 One who saves money and is expert thereat (9)
19 Extortionist could be a type of driver (7)
21 Go wrong and follow a mission (6)
23 French city confused only with the south (5)
24 Demand payment that is precise (5)
26 Mannequin left to follow the fashion (5)

Solution to Puzzle No. 3,610

G	A	R	B	L	E	■	D	I	N	O	S	A	U	R
U	■	I	■	O	■	C	■	M	■	N	■	D	■	O
L	I	G	H	T	S	H	I	P	■	T	H	O	R	A
L	■	H	■	H	■	A	■	A	■	H	■	B	■	S
I	O	T	A	■	T	R	A	C	K	E	V	E	N	T
V	■	I	■	T	■	O	■	T	■	L	■	■	■	S
E	N	D	I	R	O	N	■	S	T	E	A	D	Y	■
R	■	E	■	U	■	■	■	■	■	V	■	A	■	B
■	B	A	R	N	E	T	■	D	R	E	S	S	E	R
S	■	■	■	K	■	K	■	E	■	L	■	H	■	E
T	O	N	I	C	S	O	L	F	A	■	B	E	T	A
A	■	O	■	A	■	U	■	I	■	D	■	O	■	K
T	O	T	A	L	■	B	A	N	G	A	L	O	R	E
E	■	E	■	L	■	L	■	E	■	D	■	U	■	R
R	A	D	I	S	H	E	S	■	B	O	O	T	H	S

هكذا من الأصل

Festival Hall

Zimerman

"If the stars have it right," I wrote after this 19-year-old Polish pianist's debut at the Elizabeth Hall last November, "Krystian Zimerman is a name we shall come to know well." It would seem at least that the stars have not got it wrong: for much sooner than later, Zimerman was back on the South Bank, this time with a recital to himself on Sunday afternoon in the Festival Hall—and every seat sold, with the ticket-touts out in force.

As before, those who filled the hall so expectantly will not have been disappointed. His return with a big Chopin programme revived identical impressions — of a fascinating, unruly, supremely gifted young musician, whose playing has everything one could expect from a prodigy: technical assurance and remarkable strength, displayed with charm, presence, wit and verve. More important still, Zimerman has a big enough heart, and the nerve, to take risks: to lose sometimes, but to win, and win often, in magnificent style.

He began with three mazurkas, all in C sharp minor—an unbroken sequence with the grand op. 41 mazurka at its centre, a happy conceit to introduce the afternoon, delicately and deftly proposed. But the storm broke quickly: a hectic, headlong launch into the B flat minor scherzo meant that the demonic triplet motif may have too often sounded a gabble; but even at such frightening speed, Zimerman never lost grip or momentum. One or two passing oddities (a curious pedal-blurring in the *sostenuto* passages especially) hardly served to distract from the force of the reading—at once massively controlled, and almost wholly unreined, superbly exciting, its central climax a naked blast of keyboard energy.

The opening pages of the F minor Ballade, by contrast, sang with perfect calm and restraint. The playing had much closer focus: a song of inner voices and quiet conversations, as well as a wealth of simple detail commonly smoothed over but here precisely noted (even the marvellous *tenuto* G flat of measure 36, invariably too short, Zimerman held for an age, exactly right). He lashed the Ballade's climax to a frenzy: half-crazed, but never without tautness, never losing direction. A mad, golden performance, full of provocation and gladness, at certain dizzy moments even positively "wrong," but in all of its essence unerringly, instinctively right.

To end his first half, he gave the Andante Spianato and Grande Polonaise op.22: enthralling account, radiant with energy, its coda zipped with a real Horowitzian supercharge. His second half he devoted to 14 waltzes, conceived like the trio of mazurkas (but for insistent applause) almost as a single sequence—and delivered with unfailing vigour, point and charm, neither overpuffed nor sweetened, and without a trace of easy sentiment. The tail of the Minute Waltz was permitted an unusual (and very stylish) twist; and the nice harmonic sting to the penultimate bar of the B minor waltz sounded, at least, without the music to hand, like a Lisztian, rather than a Chopinesque, gloss?

DOMINIC GILL

St. Marylebone Parish Church

Tallis

The group known as the Tallis Scholars, under their director Peter Phillips, embarked on Saturday night on a Festival Series of four concerts of the master's music. That Tallis is one of our masters there can be no doubt. He is not perhaps in the very front rank with Byrd; he did not have Byrd's universality, his gift for speaking to another age as promptly as Mozart or Brahms. But he had immense craft, seriousness, and a versatility equal to the demands of his time—he wrote for Henry VIII, Mary Tudor, and for Elizabeth I, with all the political changes and liturgical adjustments that implies.

The series, carefully planned, is supported by an excellent brochure, full of information, with useful notes and definitions by Paul Doe. When so much is given, perhaps it is mean to complain that words should have been included—they wouldn't need very much room. Or is this policy? Mr. Phillips's suggestions for listening include the phrase "Indeed as often as not the words are not important."

The Tallis Scholars consist of 20 singers of whom 12 were used for this concert: they included a high soprano who rose easily to the demands of the high pitches employed, and a most musical and hard-worked tenor. But it was not the kind of occasion where individuals require to be singled out. Balance was good in spite of (or because of?) a preponderance of low voices. The vibrato-less tone was clear and agreeable, without the twanging nasality sought by some early music performers.

Mr. Phillips has a curious way of conducting, not up and down so much as from side to side. This motion sometimes leads to mechanical rhythm, as in the lengthy antiphon "Gaude gloriosa." In more involving works like the lovely Lamentations (Part One), one soon ceased to notice. The English-language music included the hymn-tune on which Vaughan Williams founded his Fantasia.

There was a fair audience, but unaccompanied vocal music is still a longish way from capturing the public imagination as strongly as instrumental early music. The converted or curious should note the remaining dates: Saturdays March 18 (Little Oratory, Brompton Road), April 15 (Marylebone again), April 29 (St. John's, Smith Square).

RONALD CRICHTON

Royal Academy

Rowlandson Drawings by WILLIAM PACKER

The latest in what seems to be a never-ending sequence of splendid exhibitions has just opened in the Private Rooms of the Royal Academy, where it follows hard upon the heels of the royal Leonardo. It would be difficult to contrive a more marked and refreshing contrast to that concentrated, practical inquiry, yet one which matches it in delicacy and insight, than this particular show of drawings by Thomas Rowlandson.

We like to categorise our artists, to assign them a role, and in doing so we often miss the point. Thus Stubbs was for too long put down as just a horse painter, and Hogarth a satirist: the subject matter obtrudes, and we read it too literally. Rowlandson the humourist is certainly a most engaging figure, and his work can be enjoyed purely at that level, if we care to take so limited a view of it. His jokes are good, his innuendo incessant, and he has a wicked eye for a type. The transparent carnality and vanity of our human behaviour, the all too obvious baseness of our motives, that dreadful instinct to self-gratification, all amuse him no end.

Is it not terrible, he seems to be saying, as he peers fixedly at the heaving bosom of a pretty girl, that men should take such trouble, waste such energy, go to such lengths, merely to look up a lady's skirt? We, of course, blush at the very idea. The cast of characters in this human comedy consists of a number of magnificent archetypes, any one of which, the fashionable beauty for example, is likely to settle upon a particular identity (in this case the Duchess of Devonshire or her sister). There go the country wench, the serving maid, the ensign, the buck, the sportsman, the lecherous clergyman, the ageing actress, the glutton, the fop and the crone: a salutary procession.

The young are all beautiful, handsome, and incorrigibly amorous, the middle-aged pathetic and desperate, the old, ugly. They rush towards the grave at a frightening speed. Beneath Rowlandson's bawdy, grotesquerie and banter, beyond the bucolic frolic, lies a sympathetic humanity, and a deep sadness at our condition: and looking at his work like this, where so much of it has been brought together, and we are no longer titillated and seduced by the single example, we, too, begin to feel suddenly a little chilly, perhaps, and growing old.

The Actresses Dressing Room, Drury Lane

But this is to read the work only, and not to see it: and Rowlandson is saved from the sentimental or the sententious by the brilliance of his draughtsmanship. The line flicks across the surface with an easy elegance, picking out the shapely calf and the bulbous nose with equal economy, the wash delicately pointing the swell of flesh and the blushing cheek. Whatever the moral that we care to draw from his characterisation of the world, we are carried along by the sheer physical presence of the work, the wit of it, lying quite as much with the way of it, the painterly tricks and rhythms, the observation, the set of the figure and the fall of an arm, as with the follies and frailties thus represented. These drawings and water-colours are beautiful things in themselves, some of them very fine indeed; and, as with all great art, it is by being with them as such that we come to know, if not always to understand, the magic they work. Rowlandson was a most gifted commentator, but he was also a true artist.

Here again categorisation has put him down, for his reputation is as a water-colourist and draughtsman — somehow lesser fry than the full-blooded painter in oils. We pride ourselves on our tradition of water-colour paintings, yet we allow it only a lower place, nodding at Girtin and Bonington, regretting their too short lives, forgetting that Turner made his name in the medium, and would still be held a great artist, even had he died in 1800.

We should not push this point too hard, and over-state Rowlandson's case—for, if he is very good, others are better: but it is sadly typical of us that we should celebrate him for his Englishness, his good humour and his earthy jokes, and not notice his Art. We now have until May 21 to look at it closely, and savour the treat.

All the works shown are from the Paul Mellon Collection at the Yale Centre for British Art, 120 in all, selected and handsomely catalogued by Dr. John Riely, who, in his careful annotation of each drawing attempts to establish at last a convincing chronology. John Baskett and Dudley Snelgrove are less ambitious, being content in their newly-published catalogue of all 400 or so Rowlandsons in the Mellon collection (Barrie and Jenkins: 364pp: 414 illustrations: £12.00), to arrange the work by subject, which makes for easy and enjoyable browsing, but does not exactly help deeper comparison. They might have tried, however tentatively, to suggest a few dates. But the catalogue entries are useful, as far as they go, if somewhat earnest, and unconsciously amusing in their bald recitation of the obvious: "A young lady wearing a large hat is seated in a chair facing three-quarters right, holding a letter in both hands." Occasionally a title, "Rogero Playing his Guitar," for example, will deter further description, but not often. And prudery, too, sometimes raises a smile: "In the background, the other two (actresses) are likewise rushing through intimate necessities."

There are compensations, however; the admirably copious bibliography compiled by Miss Catherine Nicholson, the helpful cross-indices of titles and subjects, and above all the plates themselves, which, given their number and their general adequacy, make this book a generous bargain. But Dr. Riely's catalogue to the exhibition (£3.60) is the deeper study.

Coincidentally, Spinks is showing, until March 23, a further 36 Rowlandsons, covering a fair range of his work, a neat supplement to the Academy's offering.

Reading University Opera

Hulda by RONALD CRICHTON

The French, as admirers of their music know, have a way of neglecting their own composers. The cold shoulder turned towards César Franck's opera *Hulda*, however, need not be listed among their greater sins of omission. What chance has such a work when far better things gather dust? That is not to say that it was wrong of Reading University Opera to choose *Hulda* for their first season. On the contrary, it is just the sort of rarity University opera clubs should do, and Reading mounted the work as effectively as the limitations of the University's Great Hall would allow.

Franck wrote *Hulda* in the early 1880s, when he was also engaged on the tone-poem *Le Chasseur maudit* and on the Symphonic Variations. It was his second opera — or third if we count a very early *Stradella* whose name has been salvaged from oblivion by the Reading programme editors. The accepted "first" opera, *Le Valet de ferme*, remains unpublished and unperformed. *Hulda* only reached the stage after Franck's death, at Monte Carlo in 1894, in a version doctored by the composer's son Georges and by Samuel Rousseau. There were further productions at The Hague and Toulouse before obscurity descended, broken until last Tuesday only by an Italian Radio performance, repeated in 1971 by the BBC. Franck's last opera, *Ghisèle*, scored by his pupils, was also given posthumously.

Reading have gone as far as they could towards restoring *Hulda* to the original state represented more or less by the vocal score issued before Georges Franck and Rousseau got out their scissors. On Tuesday last we even heard a scene at the end of act 3 (Arne's attempted seduction of Hulda and his accidental death at the hands of his father) which is apparently not in the vocal score—no-one need bother to stage this episode again. The restorations entailed new orchestration by Stephen Lloyd-Jones. Was all this praiseworthy effort worth it? Few can seriously have expected a gain to the repertory, but for the light thrown on a little-known side of Franck and of French romantic opera, the answer is definitely "yes."

By means of a few great works of strong individuality and through his teaching, Franck had deep influence. He was a genius of a limited kind, about the least theatrically-minded musician in a theatrically-minded country. The libretto which his wife and son (both anxious for various reasons to increase César's public standing and his income) wished on him was ludicrously ill-chosen — a bloodthirsty, inconsequential adaptation of a play by Björnson about medieval Norway. A none-too-delicate composer of the verismo school might have done something with it (Hulda as a character has possibilities), but not the *pater seraphicus*.

The music is not totally worthless. The vocal writing both for soloists and for chorus is grateful. There are pleasing choral tableaux, notably one at the beginning of the epilogue with distinctly Scandinavian colouring (Greig's visits to Paris came later, but other Norwegians had preceded him). The ballet or masque in act 4, of which we heard the greater part, has a certain interest. Franck was well content with it and claimed to have danced to it himself (that must have been a sight worth seeing). There is some warmly passionate nocturnal music at the beginning of act 3. The ensuing duet for Hulda and Eiolf is chromatic mush, enjoyable but static. The duet in the following act for the same Eiolf reunited to his wife, Swanhilde, has stronger dramatic impulse though it represents reconciliation not adulterous rapture. It seems typical of Franck's operatic ineptitude to have got them the wrong way round.

The title role was capably taken by Margot Archibald, who has a voice full of promise and good presence, also a tendency to distort vowel sounds (not much of Annette Thompson's translation was generally audible). As Hulda's rival Swanhilde, Caroline Bazalgette brighter tone was effective in the duet with Eiolf, a part warmly sung by Neil McKinnon, who has the makings of a useful dramatic tenor. Paul Hancock's youthful appearance as the clan chieftain Aslak (father of several ill-fated, older-looking sons) caused some innocent confusion.

The conductor Tim Dean's expert handling of a score which in its weaker moments bears some resemblance to a stranded jellyfish was one of the evening's achievements. David Fenton (producer) and Angela Warburton (designer) used the difficult stage to advantage — the skill with which a quite numerous chorus was moved on and off was remarkable. The dances were simply but effectively performed. The shortcoming of *Hulda* must not discourage Reading from further exploration of this curious area of French operatic history. Reyer's *Sigurd* and Chabrier's *Gwendoline* are two much more rewarding examples from the same period.

Drury Lane

Teresa Berganza

by RONALD CRICHTON

Teresa Berganza is the immaculate song-recitalist of our day. No one else can cover so wide a range with such firm control of voice and style. She is cool but never cold. The fires are there, the stronger for being kept down. Gestures and expressions are the more telling for the sparing, unerring use she makes of them. On paper her programmes look bitty, but in practice they succeed. This one was typical, a classical opener (Haydn's solo cantata *Arianna a Naxos*), a German group (Schubert), then after the interval the Latins (Fauré, Respighi, Falla).

On Sunday evening Miss Berganza had every excuse for being ill at ease. The recital, planned for Covent Garden, had been transferred at short notice down the road to Drury Lane because the opera house was needed for technical rehearsals for *Idomeneo* (Covent Garden's financial straits impose this kind of crisis and will continue to do so until they are resolved). Nothing, however, could have been less flurried than the performance of the Haydn, as pure of line as a Flaxman drawing, supported with firm delicacy at the piano by the singer's admirable partner, Felix Lavilla.

Schubert is worth hearing from this artist, who is not a natural or instinctive Schubertian because she brings to him so much discretion and intelligence. In the heavier songs, like "Der Wanderer," one misses the Germanic cosy warmth and weight of tone—also the emotional over-emphasis that sometimes goes with them. Berganza's touch in the lighter songs, on the other hand ("Dass sie hier gewesen" and "An Silvia") is most refreshing.

In Fauré the deeper mezzo-soprano colours began to come out. "Mandolin" and "Apres un reve" (none of the fatal, sentimental dragging which temps English singers of this song) were exemplary. "Fler jetee," with an accompanist who can discharge the piano part without labouring, seemed a new song. In Respighi's "Nebbie" and "Stornellatrice," Miss Berganza teased us by flirting with the grain of coarseness these amiable but indulgent songs contain. In Falla's *Seven Spanish Folksongs* she allowed herself enough Iberian rasp to bring out the ancient bitterness and wry humour. "Asturiana," both in the vocal line and in the accompaniment, was a marvel. As encores, "Clavelitos" and a lovely "Voi che sapete."

The black tabs at Drury Lane soak up nearly as much of the sound as the red curtain at Covent Garden — Mr. Lavilla could safely have opened his piano lid an inch or two more. But in some ways this theatre, broad and shallow where Covent Garden is narrow and deep, is preferable for a song recital. The seats, for one thing, are much more comfortable.

Arts Council bursaries for theatre directors, 1978/79

The Arts Council will be offering a number of bursaries in 1978-79 to trainee theatre directors and directors already established. There will be up to six bursaries for trainee directors to enable them to study all aspects of directing in a theatre or opera company, while attached to the company. Sums of up to £2,000 will be awarded for periods of up to one year.

A number of in-service bursaries will be given to directors with experience in specific areas of work in this country or abroad. Sums of up to £1,500 will be awarded for periods of up to six months. Sponsors are not required for these applications.

There will also be up to four bursaries for associate directors. These will enable experienced directors who have not yet been responsible for the artistic direction of a theatre to be appointed as an associate director at a theatre for up to a year. An award of £2,750 would be made for a full year.

Elizabeth Hall

Gidon Kremer

Gidon Kremer, a high-mettled virtuoso in the proudest Russian mould, passed that most searching of tests, the solo violin recital, with force, and energy to spare. The first half was devoted to Telemann and Bach — the seventh of the former's 1735 set of 12 Fantasies, and the A minor Sonata and D minor Chaconne of the latter.

Of these Mr. Kremer gave freely romantic, heavily charged readings, in which there was a passionate and immediate response to the emotional character of each musical incident. The tone was kept at blow-torch intensity even in passages of soft-spun *pianissimo*, the rhythmic impulse was apt to be bent and manipulated according to the heat of the moment. These were performances not at all to my taste: the mighty Chaconne, particularly, seemed to sacrifice much of its monumental inevitability when so steamily interpreted. But there was no doubting the intensity of the sincerity with which Bach's music was given, and no faulting the brilliance, the endless resourcefulness of Mr. Kremer's technique.

The relatively unfamiliar names (Ysaye, Schnittke) and the familiar forbidding one (Stockhausen) in the second half may have helped to thin down audience numbers, but the choices were interesting and adventurous, and appeared to suit the temperament of the player much more closely. The third of Ysaye's Op.27 set of six sonatas for unaccompanied violin, the D minor, is an agreeable and expansive vehicle for virtuosity, in which conventionally strutting and soaring violin gestures are decked out in washes of wholetone harmony.

Stockhausen provided the Six Melodies from *Zodiac* (a siphoning-off of some of the tunes played by musical boxes in the music-theatre piece, *Musik im Bauch*)—this oddly fey, Teutonically whimsical collection was given flesh and blood by Mr. Kremer's rich, multi-coloured timbres. Schnittke, the middle-generation Russian composer (b.1934) whose chamber music has been praised before on this page, wrote a Prelude in memory of Shostakovich in which the violin is joined halfway by itself, pre-recorded on tape, and in which the DSCH and Bach motives are beaten out in dark, grieving patterns. The work made a strong, serious impression out of proportion to its brevity.

MAX LOPPERT

Purcell Room

Medieval Ensemble of London

Though they operate at different ends of the "early music" spectrum, this group and L'Ecol d'Orphée (whose Wigmore Hall concert I reviewed last week) both represent the healthiest and most promising aspects of the revival of old music. Both have chosen to specialize in an extremely narrow section of the repertoire: the Medieval Ensemble has never ventured from French music, nor stepped outside the short period from Machaut to Dufay. Neither group is concerned to attract an audience by a multiplicity of colourful instruments or by strong contrasts of style in their concerts. L'Ecole use the basic trio sonata combination of two violins and continuo, while this ensemble has only three players —one on bowed, one on plucked and one on wind instruments, plus two singers.

Thus instead of being superficially excited (or more often, bewildered) by a kaleidoscopic run-through of the music of several centuries, the audience for a Medieval Ensemble concert can gradually work themselves into a single musical style and concentrate on its variety and the scope of its expressiveness. Such a process is indeed indispensable for the highly complex music of the Machaut-Dufay period; it takes at least half a concert to become accustomed to the darting rhythms, extraordinary harmonics and bouncing, angular lines of this music.

The concentration with which the Ensemble project their chosen repertoire is remarkable; though Sunday night's concert showed a couple of signs of roughnesses that haven't been evident before, there was also a relaxation (born presumably of increasing confidence) which greatly aided the projection of the music. In Roger Covey-Crump's controlled, slightly nasal tenor, I missed some of the tension and passion which the Ensemble's previous tenor, John Elwes, created: but there was no denying the beauty of his sustained line in *Lantin's Plaindre mestuet*, or the ease of his virtuosic melismas in Velut's *Un petit oyselet*.

Indeed, Covey-Crump blended better than had Elwes with the Ensemble's other singer, the counter-tenor Timothy Penrose, and their duets provided some of the evening's liveliest moments—particularly the racy *Pour rescjoir* by Hugo de Lantins, full of sudden, side-stepping changes of both harmony and rhythm. It was outshone as the highlight of the evening only by the exquisite *J'ay grant amour* of Dufay, an early work which Peter and Timothy Davies performed on a simple wooden flute and lute.

NICHOLAS KENYON

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Tuesday March 7 1978

Windscale and after

MR. JUSTICE PARKER is to be congratulated. The Windscale Inquiry over which he presided received evidence from nearly 150 witnesses and some 1,500 documents, many of them book-length, were submitted to it. No known aspect of the question failed to be discussed nor can anyone claim now with any validity that the subject has not been fully aired in public. His report is a model of clarity.

Mr. Justice Parker is to be congratulated, too, for recognising that the issue went beyond Windscale. It was not just a question of whether oxide fuel from UK reactors should be reprocessed in this country and, if so, whether at Windscale or elsewhere. It was more a debate about nuclear power, not junst now but also in the future, and not just in Britain but also in the rest of the world. The likely consequences of coming down against reprocessing were quite as important, as evidence, as the possible risks of going ahead. The one had to be measured against the other: the decision on Windscale could not be made in isolation.

Storage

The report's strength is that it takes the long view. It accepts that it is necessary to provide for future generations. In terms of energy supplies that means, at the very least, preserving the nuclear option. Indeed such is the probability that—without nuclear power—Britain and other countries would face an energy gap by the end of this century that the onus is on the critics of the nuclear programme to say how it could otherwise be filled. So far there have been no convincing answers.

Yet there is also an obligation to the future to ensure that such nuclear power as is produced is produced in the safest possible conditions; that is the main business of the report. And it will be seen here that the key question is not whether or not we should have plutonium—we have it already: it is how the spent fuel, including plutonium, from existing reactors can be most safely and economically handled.

A decision to prevent reprocessing would not solve the spent fuel problem. As the report points out, those advanced gas cooled reactors already in operation or under construction in the U.K. will have given rise to over 3,000 tonnes of spent fuel by 1995: the figure will be considerably higher if, as expected, orders for new reactors go ahead. That fuel will have to be dealt with somehow, yet existing methods of storage are not very satisfactory and do not preclude the escape of plutonium. Moreover, this is not just a British concern. The accumulation of spent fuel worldwide — and hence the chances of radioactivity escaping to the environment—would be very much greater.

In other words, there is very little to be said for the *status quo*, which consists of producing ever-increasing quantities of spent fuel and being uncertain how, safely, to cope with it. That is the negative case for reprocessing. The positive case is twofold. Firstly, on the basis of the comprehensive evidence presented at the Inquiry the risks involved in reprocessing are markedly less than the risks involved in the present methods of spent fuel storage. Secondly, reprocessing would make the British nuclear energy programme much cheaper, since the spent fuel once reprocessed can be used, and it would lessen British dependence on foreign supplies of uranium, the widespread availability of which is in any case in some doubt.

Capacity

There is also an international point. It is not desirable either economically or in the interests of preventing the proliferation of nuclear weapons that every country with nuclear power should have its own reprocessing plant. A plant in Britain with the capacity, such as Mr. Justice Parker recommends, to reprocess for others could itself reduce the dangers of proliferation. There is no reason at all why it should not be under international inspection.

It was right that a public inquiry should be held. It is right that there should now be a debate in Parliament. But the Government cannot easily duck the implications which are that Britain needs a nuclear energy programme and should go ahead with it as speedily and as safely as possible.

Another Italian balancing act

SIGNOR Giulio Andreotti, the Italian Prime Minister, appears to have succeeded yet again in buying a breathing space for his beleaguered minority Christian Democrat Government. In order to do so, however, he has had to concede a further increase in political influence to the Communist Party, which brought his last Administration down just under two months ago by withdrawing its tacit support. Under the new "interim" arrangement that is expected to be formalised later this week, the Communists will officially become part of the governing Parliamentary majority. There will still be no Communists in the Italian cabinet, but a number of "technicians" with Left-wing sympathies are likely to be appointed to Ministerial posts.

NATO

The Communists have already said that their enhanced status will not mean changes in the country's foreign policy or any weakening of its commitment to NATO and the EEC. It would be surprising if they said anything else, given that one of their main policy objectives is to disarm the Right by demonstrating their responsibility and respectability, both nationally and internationally. For the moment, however, there seems little need to doubt their word, even if their longer-term attachment to NATO is taken with a pinch of salt in many Western circles.

On the domestic front, on the other hand, there have been a number of policy compromises. The Communist demand for the unionisation of the police force has not been accepted, while the Christian Democrats have agreed, with no great reluctance, to drop a series of referendums on controversial issues like abortion and law and order in the interests of national unity. Most importantly, the Communists have agreed on the need for moderation in wage claims in exchange for Government measures to attack unemployment, particularly in the South—a bargain that will receive its first major test when the next round of national wage negotiations opens in the autumn.

In political terms, the outcome is seen in Rome as an honourable draw. Under the new arrangement the Communists will wield greater power than they have ever done hitherto, and the agreement has already been welcomed by Signor Enrico Berlinguer, the Communist leader, as a "major step forward." It is in line with the Party's policy of gradual step-by-step progress towards Government. The Christian Democrats, on the other hand, have succeeded in fending off the Communists' original demand, which was for a Government of national emergency which would have included Communist Ministers.

Indeed, if the past seven weeks have shown anything, it has been the strength of the opposition inside the Christian Democratic Party to the formal inclusion of Communists in Government. The latest less formal pact was only pushed through by the party leadership in the teeth of hardline opposition. The "historic compromise" long sought by the Communists, in which they would have joined the Christian Democrats in a coalition Government, now looks increasingly out of the question. Even Signor Berlinguer is now no longer using the term, and an important re-thinking of Communist strategy could soon be in the offing.

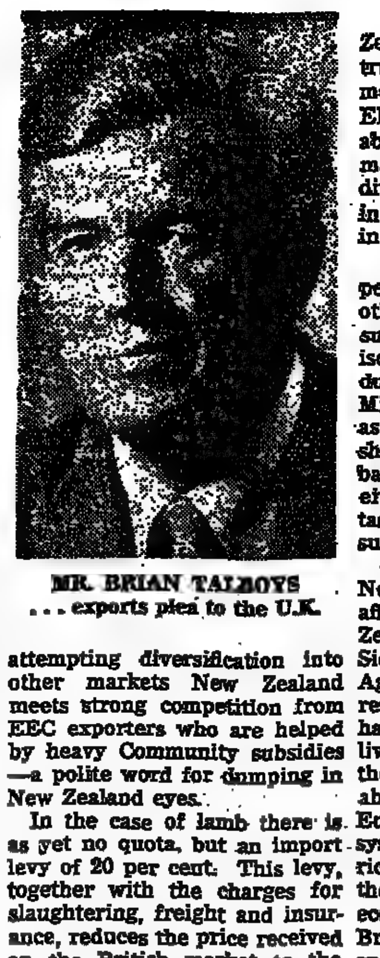
Dilemma

The Communists' basic dilemma remains unsolved. The closer they move to Government the more they risk alienating and confusing their supporters by taking responsibility for unpopular policies of austerity. If, on the other hand, they returned to militant poposition, they could lose the respectable image they have been so assiduously cultivating. If the Left wins this month's French elections, Signor Berlinguer could be tempted to change tack and go for a similar Socialist-Communist formula in Italy. The new Parliamentary formula is in any case unlikely to outlive December's Presidential elections. It may have done no more than postpone a much more open confrontation between Right and Left.

The wolf draws nearer New Zealand's door

BY JOHN CHERRINGTON AND CHRISTOPHER PARKES

NEW ZEALAND, its past prosperity built on a flourishing U.K. market for its agricultural products, now finds itself facing an increasingly bleak future as a result of Britain's entry into the EEC. The European outlets for its milk products are vanishing rapidly and its meat exports there are threatened, its efforts to find alternative markets are lacking conspicuous success, and its generally-accepted status as a fully-developed country has served to debar it from any special assistance.



MR. BRIAN TALBOYS ... exports plea to the U.K.

It is against this gloomy background that its Minister for Overseas Trade, Mr. Brian Talboys, has arrived in Britain in a bid to win more favourable treatment for his country's exports to Britain and the rest of the European Community.

His visit is the latest manifestation of a mounting concern in Wellington which has seen the New Zealanders taking a far more active interest in the way Brussels and London are managing their affairs. Indeed, officials at the Ministry of Agriculture are beginning to complain that they can barely step outside their offices without tripping over a petitioning "Kiwi." Every tip, whisper and hint about what happens in Brussels is assiduously gathered and telexed off to New Zealand's capital.

The urgency of Mr. Talboys' mission can be judged by New Zealand's latest balance of payments figures for 1977, which show an adverse balance of \$NZ940m. (£450m.), or some 7 per cent. of Gross National Product. By comparison, at its worst the British balance of payments deficit amounted to no more than 3 per cent. of GNP.

About 70 per cent. of all New Zealand exports are of agricultural products. Fifteen per cent. of the total comprises dairy products. Britain is still the major outlet, but the prospects are for a further contraction in the quantities coming here.

Cheese exports to the U.K. have fallen from 75,000 tonnes in 1971 to 15,000 in 1977 and stand to be phased out altogether.

Britain's imports of New Zealand butter have fallen from 165,000 tonnes in 1971 to a quota of 120,000 tonnes this year and will be cut to 110,000 in 1980. After this date, continuing access will be dependent on the agreement of the EEC, which already has a large butter surplus.

The New Zealanders contend that not only are quantities restricted by the EEC's quota system but that their earnings are kept down by the Community's import levies on those quantities that are allowed into the Common Market.

The main complaint is not only that the whole future of the butter quota is now open to question after 1980 but that in attempting diversification into other markets New Zealand meets strong competition from EEC exporters who are helped by heavy Community subsidies—a polite word for dumping in New Zealand eyes.

In the case of lamb there is as yet no quota, but an import levy of 20 per cent. This levy, together with the charges for slaughtering, freight and insurance, reduces the price received on the British market to the extent that the New Zealand farmer gets no more than 27 per cent. of the Smithfield price and the net earnings to New Zealand's economy are probably not much more than a third of the delivered price.

Sheep policy fears

A Community sheep meat policy is due out this spring. No one knows what it will contain but the fear in New Zealand is that anything which raises the price on the British market will tend to reduce consumption. Lamb is currently protected under the GATT agreements to a maximum levy of 20 per cent., as at present, but it is believed that the French will make it a condition of any EEC regime that there is some check on New Zealand lamb.

The only viable product at present is wool; 38 per cent. of New Zealand's agricultural exports, which can enter the EEC duty free as an industrial raw material and which, while facing a difficult market at present, might improve should the world recession show signs of easing.

There would appear to be little opportunity for gains in the other sectors. Exports of forest products and manufacturers are showing some signs of improvement but the scope is limited and manufacturers in any case require imports of raw materials and, of course, oil.

It is possible that the New Zealand Government was too trusting of the British Government when Britain was seeking EEC entry, and too sanguine about finding alternative markets. It has done its best to diversify and has found outlets in over 100 countries, but only in restricted quantities.

Besides the subsidised competition and restrictions in other markets, New Zealand suffers from its geographical isolation. Costs of landing products in the U.S., Japan and the Middle East are almost as high as to the U.K. Obvious markets should be Asia and the Pacific basin, but the inhabitants have either no money or lack the taste for New Zealand products such as butter.

The crux of the problem is New Zealand's apparent affluence. When he visited New Zealand some years ago, Dr. Sicco Mansholt, the former EEC Agriculture Commissioner, remarked that farmers there had a far higher standard of living than most in Europe and the general life-style was probably better than in most of Europe. There is a good welfare system and while there are few rich, there are few poor. But the fact remains that the economy has been built up on British markets which are disappearing. So what is there left? Or, indeed, will the Common Market be obliged to assist?

Mr. Finn Gundelach, the EEC Agriculture Commissioner, has told Wellington that "when the time is ripe" and "in due course" he will tackle the Council of Ministers on the question of allowing NZ cheese imports into Britain again.

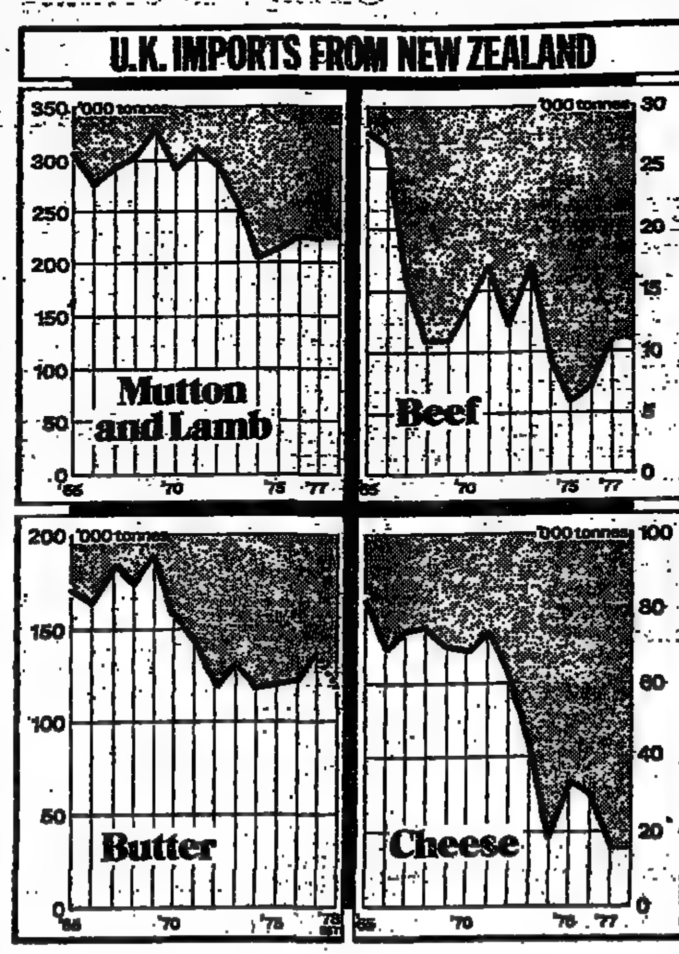
Considering that Wellington had all but given up that market for lost, the Commissioner's apparent goodwill must be heartening. But quite what it will produce in terms of an import quota and export income for New Zealand is another matter altogether. And the New Zealand Government would do well to remember that the Brussels Commission only proposes. The Council of Ministers disposes.

The Irish and the French, for example consider the issues to be closed. In 1977, New Zealand was allowed to send 15,000 tonnes of cheddar to Britain. Admittedly there was some talk last year of a 10,000-tonnes allowance in 1978 and a more gradual phase-out. But that came to naught. No New Zealand cheddar has been shipped into Britain so far this year. And that, some say, is the end of it.

To resurrect the argument this summer—it will probably not be debated this side of May—will serve only to rouse indignant and powerful opposition.

The Community cheese market, overladen with home produced excesses and likely to remain so for some years, has no room for imports, argue the Irish, French, senior officials in the Commission and in the British Ministry of Agriculture.

It is suggested that to attempt to win back a market for New Zealand at this late stage will only antagonise its opponents and endanger the efforts to establish NZ's role in the U.K. butter market beyond 1980. That, after all, is a far more important task which offers much better longer-term, financial potential.



Leading the campaign against New Zealand butter imports are the Irish. It is their ambition to push the famous "Anchor" brand off British shop shelves and fill up the spaces with their own "Kerrygold."

They certainly have the potential to expand. Their cattle may be among the lowest yielders in Europe, but with the accumulated wealth from five bumper years of EEC membership to spend, dairy farmers, egged on by the industrious An Bord Bainne (dairy board) are adopting a distinctly purposeful posture.

Mr. James Gibbons, their Minister, has a persuasive argument when he pleads that according to the rules of Community preference, New Zealand has no real right to its 25 per cent. share of the British butter market, especially when the Community has such a surplus.

On the higher political plane, there is still recognition that the Community has a special responsibility—via Britain—for New Zealand. But in the rough and tumble of the Council of Ministers, higher political feelings are generally over-ridden. And when the gloves are off, the Eight regard access for NZ butter as another special concession for the British. For the U.K. Government to retain it, then, it will almost certainly have to give ground on some issue of importance to the British farming or food industry—a fact of Community life that Whitehall still finds difficult to accept.

The last concessions—fixing access for butter until the end of 1980—were won during what most of Britain's partners view as the pantomime of "renegotiation." And there are Ministers and officials still smarting with embarrassment at the roles they played, and eager to settle the score.

One heartening factor for the New Zealanders is the now accepted principle in the EEC that dairy output has to be reduced. And although progress so far is virtually undetectable, there are glimmerings of a change in direction. Early figures show that last year, for the first time on record, EEC butter output fell slightly.

If this continues and accelerates, and if the Community honours its half-promises at the forthcoming Multilateral Trade Negotiations in Geneva, there is a faint chance that Europe will cease using the world market as a dumping ground for its surpluses.

This would give New Zealand at least an even chance for developing new outlets for its butter and cheese in an orderly manner and without having to cope with sudden surpluses of highly-subsidised EEC products.

Of course, the U.K., with its established tradition as a butter-eating country, is a much happier commercial proposition than the fragmented, scattered and irregular markets found elsewhere in the world. But in the longer term, the future for a low-cost dairy-producer like New Zealand must lie in these developing outlets.

The prospects are far less distinct for NZ lamb exports. As things stand, the New Zealanders have virtually limitless access to the British market. But this is being threatened.

Legal opinions have been voiced which say that the Community must have a "common market" in sheepmeat. The British Government argues that whatever the legal necessities there is no practical need for a regime governing trade in lamb. And it adds that since all the other EEC farm products regimes have increased prices above world levels, it cannot subscribe to yet another that does the same.

A doubtful gain

The Germans believe that the poor performance of the existing commodity regimes proves that whatever Treaty rules say, expanding the Common Agricultural Policy to cover sheep would end simply in more spending from the over-stretched farm fund for no discernible gain to either farmers or consumers.

The French, who have a protective national scheme which guarantees their farmers sky-high prices for what in France is luxury meat, fear that they will end up with a diluted market open to imports and lower prices, dragged down towards U.K. levels which in turn are largely kept down by the huge imports from New Zealand.

Only the Irish share wholeheartedly the Commission's conviction that sheep have to be brought under the Common Agricultural Policy umbrella. And the New Zealanders fear this will be enough to force the EEC into actions which will lead to a process of erosion of their market similar to that which has already done so much damage to their dairy trade.

The New Zealanders are right to be fearful and watchful. Although there is so little political, economic or even agricultural enthusiasm for the idea of organising the mutton market, the Community machine has a seemingly irresistible momentum of its own which may yet steamroller all opposition.

MEN AND MATTERS

Berks base protest continues

Bad news for the Berkshire protesters against the reopening of Greenham Common airbase—its runway is already being resurfaced. The work has been going on for some time. Officially this is to "keep a NATO stand-by base at peak operating condition," but local residents fear it means that the Ministry of Defence has already decided to allow the U.S. Air Force to station there its noisy tanker aircraft, the KC 135, and is only waiting for local protest to die down.

At present there seems little chance of that. On Saturday 1,500 protesters of all shapes and sizes traipsed through the streets of the normally quiet market town of Newbury. They then gave the British commander of Greenham a note saying that, since the Americans had not wanted the Concorde, why should they accept a plane which makes a similar din.

"No, no, no, loud and clear" is the headline in the latest issue of the Newbury Weekly News. 875 of the 1,118 readers who replied to its recent questionnaire were opposed to the reopening of the base.

The Cotswold District Council is keen to see the planes at Fairford, an old Concorde proving ground, while Lincolnshire County Council wants them at one of its six airfields to help reduce unemployment.

So why do the U.S. Air Force want Greenham? Its 10,000-foot runway is a boon but Edward Hutton, a veteran of Ypres and of the fire-fighting brigades of World War Two, suggests they want the pubs and golf-course of Newbury and "above all the availability of plenty of girls for the base dances and other activities."

"Surely there is enough British rubbish without having to import it!"

Debtor's dance

There was little illumination in the Commons yesterday when MPs tried to find out how debt collection agencies were supervised by the Office of Fair Trading, though John Fraser, the Minister of State responsible, did announce that they had now brought into operation that part of the relevant 1974 Act which allows the courts to reinvestigate extortionate bargains.

But a couple of techniques involving the Middle East have come our way. One debt collection firm reports that London casinos always check by telephone with a Las Vegas number before giving credit to Arabs and that they have a network of sheikhs' relatives who can be relied on to lean heavily back home. The U.S. Government has, however, gone one better. When the Intra Bank fell in 1966 its assets were taken over by one of its chief creditors, the Commodity Credit Corporation. This is wholly owned by the U.S. Department of Agriculture which thus found itself running the high-rolling Casino du Liban. Strange bedfellows, you might say, but there have been some stranger ones. In Washington, the U.S. Justice Department, seeking to collect a debt, found itself in charge of a topless go-go bar.

Beast trade

SO THE JAPANESE are taking a few steps to limit car exports, but in what is "Animal Rights Year" some ask if they will do the same with exports of animals? They have refused to join the 45 countries which have accepted the Washington Convention on International Trade in Endangered Species. Their "zoos" are now the leaders in the world animal trade—typical prices are £2,000 for a pair of red kangaroos and £20,000 for a couple of black rhinos.

A 14-point Universal Declaration of Animal Rights was proclaimed in Brussels in January. But the seal slaughter continues, and one of the few pieces of animal good news is that, as from April 1, India is banning the export of rhesus monkeys. Bad news for vaccine-makers, but the Indians didn't like the fate of 50 of these monkeys, killed during tests on the effects of the neutron bomb.

Tough lines

Yesterday was a bad day for British officials involved with Europe. In Brussels, Mrs. Francis Morrell, a special adviser to Anthony Wedgwood Benn, found the West German unions casting her out when she tried to attend a private meeting of the European Trades Union Congress. This was about to be briefed by the EEC Commission on plans to reduce refining capacity and, overlooking Morrell's master's support for unions, dismissed her as representing a government.

Closer to home, Gwyn Morgan, the EEC Commission's man in Wales, has been obliged to give up a cause dear to his heart, Welsh devolution. Brussels did not like his presence on the executive committee of the "Wales for the Assembly" campaign and so Morgan has had to resign.

It is all an abrupt change as only last month Roy Jenkins was telling Welsh television viewers that he saw no incompatibility between devolution and Europe. Welsh devolutionists are particularly aggrieved as Brussels allows civil servants to be active in politics and stand in elections. Morgan, one-time assistant general secretary of the Labour Party, was chef de cabinet to George Thomson when he was EEC regional affairs commissioner. During the referendum on British membership the EEC had a senior official in Cardiff on unlimited expenses to orchestrate the "yes" to Europe. It seems they will not be sending one for the "yes for Wales."

African irony

Africa is proving a tricky place for Western foreign ministers, with France's Louis de Guiringaud nursing some ruffled feathers after his latest trip to the Dark Continent. Last summer he returned in a huff after Tanzanian students received official encouragement to heckle him over France's arms sales to South Africa. Now his attempt to promote exports to Nigeria, not least of Mirages, saw his official aircraft, an ageing Caravelle, run into trouble over Algeria. Its pressurisation system broke down, causing some of those aboard to faint. In Lagos it proved impossible to repair so De Guiringaud had to leave Nigeria aboard a small plane lent by the neighbouring Niger Republic. Worse, when he tried to travel first class from Niger to Paris, he found most of the first-class seats taken—by Claude Cheysson, the EEC Commissioner and a committed French socialist who just happens to be tipped for the Quai d'Orsay if the left wins this month's elections.

Observer

FINANCIAL TIMES SURVEY

Tuesday March 7, 1978

Liberia

Change is coming in Liberia—old habits and practices are dying away, and greater efforts are being made to develop the hinterland, and involve the local population in the running of the country and its industries.

BASIC STATISTICS	
Area	43,000 sq. miles
Population	1.75m.
Trade (1975)	
Imports	L$331m.
Exports	L$415m.
Imports from U.K.	£23.7m.
Exports to U.K.	£6.1m.
Trade (1976)	
Imports	L$399m.
Imports from U.K.	£23.9m.
Exports to U.K.	£11.6m.
Currency: Liberian dollar	£=L$1.92

Reform at the grass roots

By David White

IF THERE is anything that symbolises new directions in Africa's oldest republic it is the emergence of Bishop Bennie Warner, whom President William Tolbert picked out of the blue last year to fill a dead man's shoes as Vice-President. The appointment is a telling one in three ways.

First, if Liberian vice-presidents are by tradition well-advised to keep quiet, as Mr. Tolbert himself did before finding himself elevated to the presidency when William Tubman died in 1971, Bishop Warner is not that kind of man. He is a reforming priest, a fervent advocate of rural change, a totally indiscreet critic of corrupt practices and a man whose style smacks of something never really seen in Liberia—the grass roots politician.

Secondly, Bishop Warner is of mostly tribal descent, outside the clique of families which have dominated Liberian public life ever since they landed in the 1820s under the auspices of the American Colonisation Society, an experiment, like Freetown in Sierra Leone, in setting up an African homeland for freed slaves, or, as Bishop Warner puts it, in finding "a dumping ground for unwanted people."

Never did Tubman, in seven consecutive terms of office, go outside the American-descended elite for his second-in-command.

The third interesting point about Vice-President Warner is the manner of his appointment, which shows that Mr. Tolbert is nothing if not a politician and that Liberia is nothing if not idiosyncratic. The President found himself in an impasse with the leadership of the True Whig Party, the only political partly in the legislature, which had to approve his nominee. In successive sessions, the party leaders turned down the names of the Finance Minister, the Minister for Presidential Affairs and the Information Minister, the latter also of native Liberian stock. The chances for foisting on the party a 42-year-old Methodist churchman would have seemed at this stage less than nil. But Mr. Tolbert, himself a lay preacher, took the following committee meeting by storm by solemnly announcing that Bishop Warner's name had been revealed to him three times by God. The vote was carried.

Perspective

What has now to be seen is whether the Bishop will continue sailing close to the wind—watched with suspicion by, among others, some churchmen who take a jaundiced view of Liberian political life—or whether, as some predict, he will eventually succumb to the establishment ethos.

It would be easy, in the light of Liberia's elitist political history, to regard Bishop Warner as a flash in the pan, were not Liberia undergoing a series of important changes under the Tolbert Administration, the effects of which are hard to calculate.

Re-inaugurated two years ago after a predictable election in 1975, Mr. Tolbert has thrown his full weight into the rural sector, where most tribal Liberians live and which by the same token has until now been more or less ignored. For three-quarters of a century after independence in 1847, no Liberian President even went into the interior, no reliable map was made until 20 years ago and no census until 1962.

Aid-backed projects for small farmers, aimed mostly at producing the main staple, rice, and big company ventures are beginning to make a visible impact, but a lot of problems have still to be overcome, others, especially the climate, the wettest in the whole region, have to be lived with and it will be some time before results can be assessed. The Government's target of self-sufficiency in rice looks out of reach.

Long dependent on exports of ore and rubber to industrialised countries, Liberia is now beginning to link in more closely with its neighbours, most importantly through a customs union with Sierra Leone. "When we have developed an effective economic union then we can pursue other forms of unity," Mr. Tolbert promises.

Not all the Government's promises, brandished under a set of slogans for which Liberia has a peculiar genius—Self-Reliance for Higher Heights, Mats to Mattresses (the improvement of rural living standards), Rally Time (a fund raising campaign that has run out of steam), the fight against IDP (a recent coinage: read Ignorance, Disease and Poverty)—will be easy to fulfil, not least Mr. Tolbert's apparent determination to weed out the corruption that eats at the heart of his Wholesome Functioning Society.

"What time is it by WRT (William R. Tolbert) time?" reads a hoarding outside the Executive Mansion. "It's EC (Eradication of Corruption) time." A National Force for the Eradication of Corruption, set up two years ago, has investigated over 230 allegations, according to the President. But according to Bishop Warner, who has incited the Chief Justice's wrath by accusing the judiciary of being rotten to the core, the cases of bribery and embezzlement appear if anything to be increasing.

The Government, he says, "has created an awareness but has not dealt with the problem . . . If you stamp it out in one area it seems to be emerging in another."

No discussion of this kind would have been thinkable under Mr. Tolbert's predecessor. The same goes for the President's gestures of encouragement towards an embryonic opposition party, formed by Liberian students and exiles in the U.S. The three leaders of the so-called Progressive Alliance of Liberia, which seeks to set up a socialist state, were recently accorded free travel to and around Liberia by the Government, although the party has not yet been approved, as it needs to be, by the legislature, which is totally in the hands of the True Whigs.

The True Whig Party has been in the majority in Liberia for just on 100 years. Since 1955, when Tubman disbanded its two rivals, it has been on its own. Although Liberia is not under its constitution a one-party state, it is so de facto, and the True Whig Party is also owner of Liberia's last remaining week-day paper, the "Age."

Nevertheless, Liberia enjoys an atmosphere of unaccustomedly open discussion in 1978, and in a time of severe economic difficulties there is a great deal of it.

Gearing

Liberia's export economy, geared mostly to mining, has suffered severely from the steel recession. Three new mines which would have doubled iron ore output have either been postponed or cancelled, and Government income from mining fell by half last year to $14m., a big knock to a Government with a budget of less than $200m.

This severe hiccough has brought home how exposed Liberia is on the world economic scene, with its private sector dominated by foreign companies—big iron, rubber and timber concessions—and its public sector totally dependant on foreign aid. Especially since the war it has relied and continues to rely heavily on the goodwill of the U.S., responsible for the most important harbours, roads and hospitals, while foreign iron companies run the only railways.

Like Panama, Liberia uses U.S. paper currency and is so far no more than toying with the idea of issuing its own. This means, for instance, that it is virtually pointless trying to calculate Lberia's balance of payments, since anyone can walk in or out with a briefcase full of banknotes.

The Government's first four-year development plan has run into a serious funding problem. The plan was tailored at a cost of $415m. two years ago, a big increase on the previous spending rate of $30-$40m. a year, but this has since swollen to $710m. Even counting on more aid, which already catered for 80 per cent. of the total, the plan will have to be painfully trimmed back.

On top of this, Liberia has taken on the hosting of the Organisation of African Unity conference next year, which involves building a highway, conference centre and hotel facilities.

The trade surplus is dwindling and may well turn into a deficit next year, with no prospect for an increase in exports in the meantime. Earlier growth forecasts of 6.8 per cent. a year have been brought down to 4.5 per cent., below the average of about 5 per cent. registered in the past 10 years.

All this has helped engender a good deal of social unease. There have been strikes at the Nimba iron mine and at Firestone's huge rubber plantation. In Monrovia, where the population has doubled in the past 10 years to somewhere around 250,000, over a fifth of the working population is reckoned to be jobless, and slum problems increase. Students have been showing signs of restlessness, business is uncertain, and in the corridors of Government people live in fear of their jobs, which are regularly reshuffled.

Since the death of the President's brother, Steve Tolbert, then Finance Minister and probably the most powerful man in the country, in an air crash three years ago, the power that had then begun to become decentralised has come back into the hands of the Presidency. All decisions in Government and the armed forces go back to him; deprived of his strongest ally, he is known to trust few people — but to trust those he does to a fault.

Sackings for alleged malpractices and the unearthing of scandals that would traditionally never have come to light—such as a recent series of ritual murders in Maryland County, for which several highly-placed people have been held—have caused some rumbles among the ruling elite.

Risk

Together, these ingredients — economic troubles, urban poverty, rural expectations perhaps beyond what the Government has scope to fulfil, new political forces, divergences in the ruling establishment — could eventually put Liberia's long record of stability at risk. At present it is as hard to detect a real crisis as it is to detect a Cuban. Liberia, which at independence was given a probable life-span of 10 years and hung around for 100 before Ghana joined it in the ranks of African republics — has somehow been immune to the explosive nature of the continent around it.

But the opening up of the countryside, overdue as it is, appears likely to change Liberia's political nature profoundly. Real benefits may come about more slowly than the Government is hoping or pledging. The dichotomy between social classes remains strong. Despite better deals with foreign concessions, funds are short, and so is skilled manpower, although the Government wants to put as many Liberians in key jobs as possible. Education is slow to improve; not more than 20 per cent. of the over 15s can read and write; only a third of schoolchildren are reaching Grade 4, reckoned to be the minimum for permanent literacy.

What has gone is the Tubman era, the music-hall Liberia of top hats, tails, cigars and yachts, and some of the social immobility that went with it. Mr. Tolbert sees the first change brought about under his Presidency as an end to "complacency." For the first time, foreign aid is beginning to reach the interior. Though in Monrovia's colourful, steamy, seedy streets the pace seems slow, some things in Liberia are irreversibly changing.

Falling dollar erodes economic performance

THE QUEUE of shoppers in "Mim's Pig Parts" dissolved in a heap of embarrassed mirth. Either they couldn't understand the question, or they found it genuinely amusing. They had been asked if they thought it at all strange that they were paying for their meat with U.S. dollar bills. It turned out the only thing they did think was strange was that anyone should ask the question.

The dollar is vital to Liberia. With no reserves of its own to speak of, it would be rash to consider launching a Liberian currency. Both the Central Bank and the Finance Ministry deny they have any plans to do so in the foreseeable future. They point out that the dollar has been one of the country's two great economic strengths along with an almost guaranteed trade surplus. But now both these cherished strengths have been weakened.

The rapid and continuing fall in the value of the dollar has substantially eroded the value of Liberia's exports, which are nearly all raw materials. Liberia is only protected in that much of its manufactured intake is from the U.S. At the same time, the slump in the world steel market has reduced exports of its primary commodity iron ore, which accounts for around 70 per cent. of export earnings.

Exports of iron ore are down by as much as one third after picking up slightly in 1976. The declining profitability of mining has hit the Government hard. Revenues from iron ore were halved in the fiscal year 1976-77 to around \$14m. With mining playing such an important part in the economy, a prolonged recession in the steel industry is not something the Government views with equanimity. It will certainly mean a trade deficit within the next year or two and the reduced revenues mean either stepping up the borrowing programme or cutting expenditure at home.

Management

Already, Liberia is showing what can be done with judicious financial management. Debt repayment has been rescheduled and new borrowings kept to a minimum with the effect that debt servicing has been reduced as a proportion of revenues from 42 per cent. in 1967 to under 15 per cent. in the fiscal year 1976-77. The indication is that without substantial new borrowings, the cost of debt servicing will continue to go down.

The Government also has the choice of increasing its revenues from taxes but it has already put them up as much as it feels it can for the moment. The renegotiation of the concession agreements in rubber and iron ore were responsible in the main for a 33 per cent. increase in revenues from taxes and royalties, customs and excise during 1976. The fiscal year 1976-77 showed the same trend.

Comparisons are difficult because the Government has only recently shifted its annual calculations from the calendar year to the fiscal year. But the total revenues for fiscal 1976-77 showed an approximate increase on estimates for fiscal 1975-76 of 26 per cent. to \$166.5m. Total expenditure on the previous fiscal year was up only 20 per cent. to \$165.4m. according to figures released by the Finance Ministry.

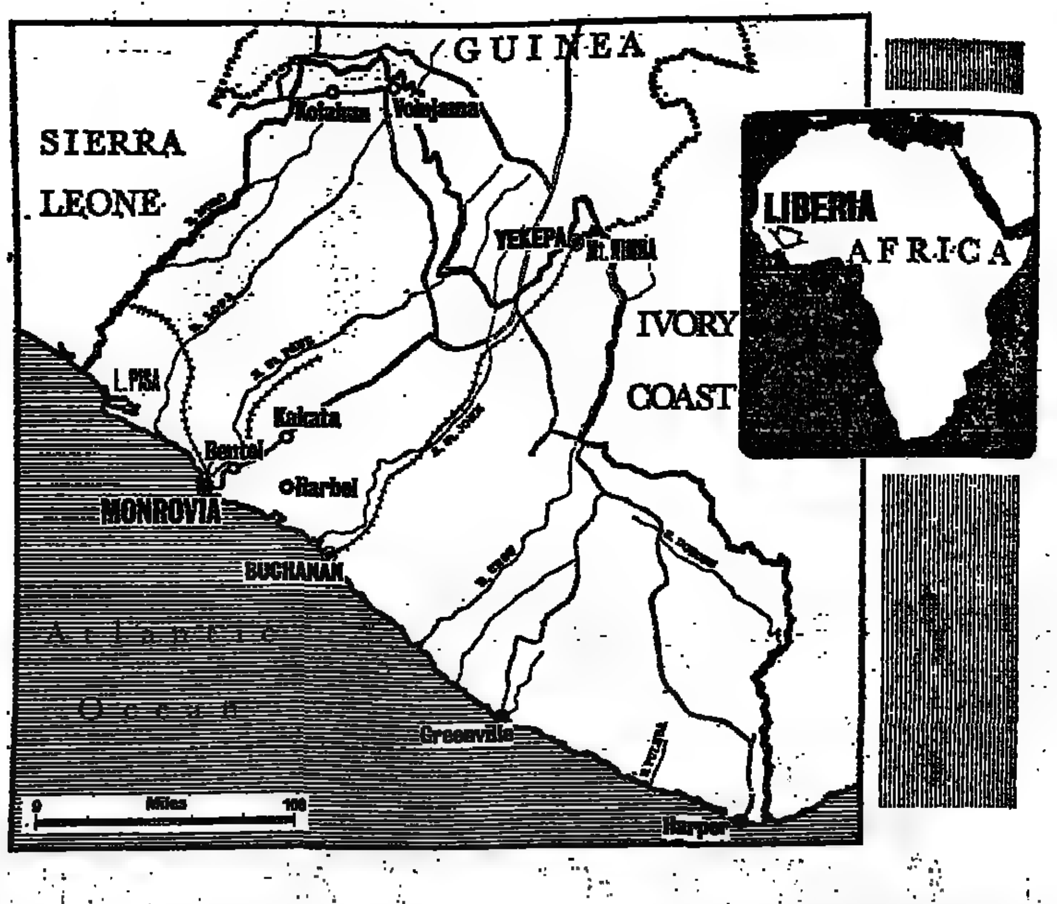
That healthy performance is not likely to carry on much longer despite an attempt at revising personal and corporate taxation in the Tax Revenue Finance Law in July 1977. There were slight changes in the rates of personal and corporate taxation but the measures were criticised as being insufficient. What was more, said the business community, the new law did nothing to end the corruption which has beset the Government.

President Tolbert is very outspoken on the matter of corruption and has pledged his best to end it and create what he has termed a "wholesome functioning society." But the lack of adequate financial supervision has always made such a promise hard to carry out. It is only as the new financial infrastructure which the Government has created starts to find its teeth, that the President's crusade against corruption will start to take effect.

Real economic management was always hard to impose on Liberia because of its traditional character of free movement of capital, ready repatriation of funds and the lack of a central banking institution. The Central Bank took over responsibility for debt servicing and began to act as the Government's fiscal agent in 1976. The first thing it needed to do was produce some reliable statistics which have been sadly lacking up to now.

At present the Bank is working on getting a clear idea of the balance of payments position which can only be an estimate under the present financial conditions. The Bank will begin by finding out how much foreign currency (U.S. dollar bills for the most part) is actually in circulation. Estimates range at the moment from \$60m. to \$80m. while other sources say such figures are patently exaggerated.

The Central Bank is only part of an entire new banking system which the Government is setting up to cater for as much of the specialised borrowing requirements of the Liberians as possible. Two new banks have been set up, one providing housing finance and the other for agricultural projects. The Liberian Bank for Development and Investment has continued its expansion and it too has widened its lending policies to include more agricultural borrowings.



The Government's aim is to widen the agricultural base of the country by making fuller use of the 70 per cent. of the population engaged in farming — most of them at subsistence level. "We want to make Liberia the garden of West Africa" as one official put it. In order to do that there has been large investment in coffee, cocoa, oil palm and coconuts. Liberia's desire is to emulate the growth achieved by its neighbour Ivory Coast which has managed to expand without mineral resources — although it has now found small amounts of oil.

Scope

In Liberia, the 70 per cent. of the population working in subsistence agriculture contributes only 18 per cent. to nominal GDP and there is endless scope for improvement. Agriculture has shown the fastest growth rate of any sector of the economy over the last few years while mining is thought to have contributed 7 per cent. less to nominal GDP over the past year. Optimists were predicting a growth rate for Liberia of about 3 per cent. a year not long ago but they are now hoping for zero growth until the mining sector can pick up again.

This change in fortunes has had a profound effect on another new tool of Liberia's economic management — its first formal plan. Published in 1976, it was designed to cover the period until 1980. Initially, its ambitious schemes for agriculture, schooling and roads were costed at \$415m. Things got a little out of hand from then on and by the time numerous other schemes had been attached to the end of the plan, the cost had escalated to \$452m. and then finally soared to \$712m. A revised plan will be published in April.

Nonetheless, the plan represented an important part of the process in tightening the Government's hold on the economy. Costing will be done far more carefully in future. And despite gloomy predictions about the short term future of the economy, the Government has increased its budget spending for 1977/78 to \$196m. including an extra \$9m. for development projects.

"Let's face it, Liberia, we think, offers a lot," said Gerald Padmore, Deputy Minister of Finance. "The fact is that for most investors Africa is Africa. They are concerned about government instability and restrictions — they want to make sure they can get their profits out. We want to create conditions which will make people want to reinvest, if we tried to force them to do so they wouldn't come. We simply make it worth their while to do so."

Mark Webster

The Executive Mansion—the presidential residence—in Monrovia in the foreground with the National Assembly in the background.

A new sense of African identity

THERE IS a renewed sense of purpose to the regular diplomatic shuttle between West African countries. After years of squabbling over detail and protocol, it looks certain that some kind of union is going to be achieved between the nations of the west coast. All that remains is for them to decide how far they want that union to go.

The establishment of the Economic Community of West African States (ECOWAS) is in line with the "roots" political ideology which is popular among the young. Young men in the ministeries, some fresh from universities in the U.S. or Europe, are brimming with their new sense of African identity and want to make it the keystone for a long term political strategy.

"Political union in some form is very much a possibility before the end of the decade. You must not forget that the West African countries do not have the same longstanding sense of nationhood as the European countries," said one top Government official.

His outlook is undoubtedly more optimistic than most. But even those who deny there is a strong ideological pull towards a federation of West African countries, cannot ignore the strong economic imperative. "For a country of under 2m. people, the possibility of having a market open to us of 130m. people has to be something to look forward to," was the comment of an official at the Ministry of Finance.

Gradual

For Liberia, it would be the logical development of a gradual process of realignment which has taken place largely since the arrival of President Tolbert in the presidential mansion. Previously, Liberia had been considered the constant bedmate of the U.S. which had always maintained close ties with the country through its currency and its commerce.

Liberia has not exactly been unfaithful to the U.S. but has used its charms to attract the interest of all the superpowers. President Tolbert has proved far more of a pragmatist than his predecessor President Tubman. President Tolbert has managed to pursue an independent line in his politics while at the same time making both East and West feel welcome.

President William R. Tolbert of Liberia.

The Soviet Union opened an embassy in the capital in 1972 and since then Romania and Czechoslovakia have both opened embassies and are active trading partners. For its part, the Soviet Union offers scholarships for Liberians to study in Russia and it has despatched those inevitable cultural ambassadors—the dance troupe.

As further proof of the independent line which President Tolbert was prepared to take, his Government recognised Red China instead of Taiwan and in 1973 it joined other African countries in breaking off diplomatic relations with Israel.

But the shift has not been a radical one, Liberia admits that it only broke with Israel under extreme pressure from the oil-producing Arab nations and is now considering re-establishing some tentative links. President Tolbert is keen to ensure that he does not spoil his longstanding friendship with the West. In a significant speech to the first Soviet ambassador when he left, President Tolbert gave him what can only be described as a diplomatic "earfull."

"We are in dire need of technology and knowhow, not guns and bombs . . . we need renewed endeavours for peace, tranquility and progress and not efforts to establish selfish interest . . ." said the President.

Yet the Government is well aware that such a small country cannot survive without friends. And Liberia believes that its most natural friends are the other countries of Africa. Liberia was a founder member of the Organisation of African Unity (OAU) and plans to host the OAU conference in Monrovia in 1979. It would be the realisation of long term ambition for the President who has always been one of the most active members of the Organisation.

On a less ambitious scale, Liberia signed the Mano River Union with Sierra Leone in 1972 and that agreement is now bearing fruit. The intention was to harmonise trade and tariff regulations between the two countries to make commerce between them much easier. The two are also co-operating on building training colleges for forestry and shipping which would have been hard to finance on their own.

But for the future, it is ECOWAS which is occupying everyone's thoughts. The idea has already come unstuck in the past decade because member states could not agree on details like where the headquarters should be and which country should provide the first chairman. The idea was given its present momentum by Nigeria and Togo which revived the scheme in 1973. In 1975 the draft treaty was signed by 15 countries and since then the Cape Verde Islands have also joined the group. ...

The aims of the treaty are to evolve a common agricultural policy, to form a committee of West African central banks to ensure the free flow of capital between the countries, to establish a co-operation, compensation and development fund and finally, to abolish all obstacles to free trade between the member countries.

Modest

The beginnings have been modest: headquarters have been established in Lagos and Lome and the fund has been given its first injection of capital. The first projects are in the feasibility study stage. The first is to build a trans-African highway which would join all the ECOWAS countries on the mainland and the second is to provide a tele-communications system for West Africa.

ECOWAS is providing funds for the trans-African highway study (\$250,000) while the United Nations body, the Economic Commission for Africa (ECA), is providing the expertise. The road would, if completed, run for 10,000 kilometres and would have link roads to the trans-Sahara highway. The road scheme would pay particular attention to the problems of the landlocked members of ECOWAS (Mali, Niger and Upper Volta) which make up 45 per cent. of the Community's geographical area.

The only fear which still holds members back from a fuller political union is that the large nations like Nigeria would dominate. Nigeria has agreed to provide 31.9 per cent. of the budget for running the secretariat and the fund, which gives it considerable influence within ECOWAS.

"There are fears, understandably ones, that the big countries might try to dominate ECOWAS. But we recognise that the Community is not simply a matter of ideals but one of survival," said the ministry official. "Our future still lies with Africa."

Mark Webster

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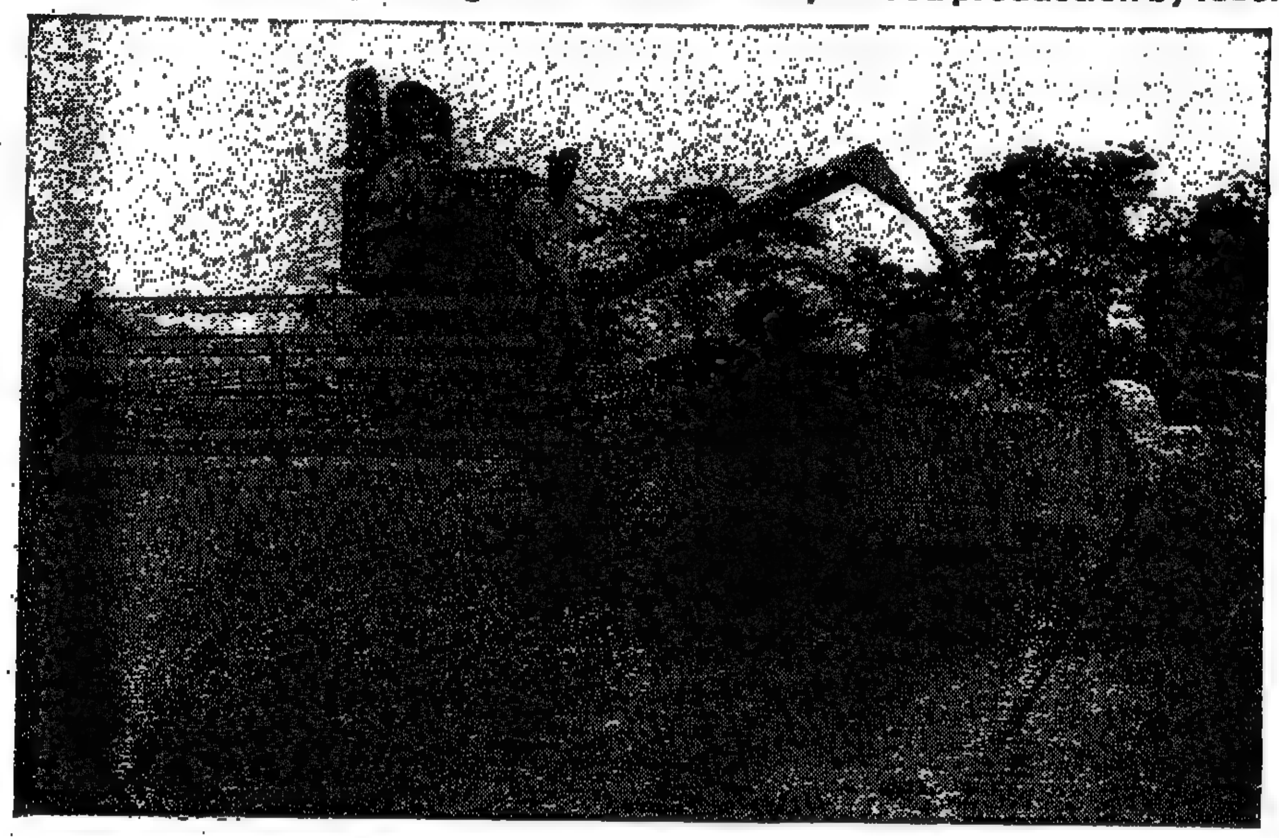
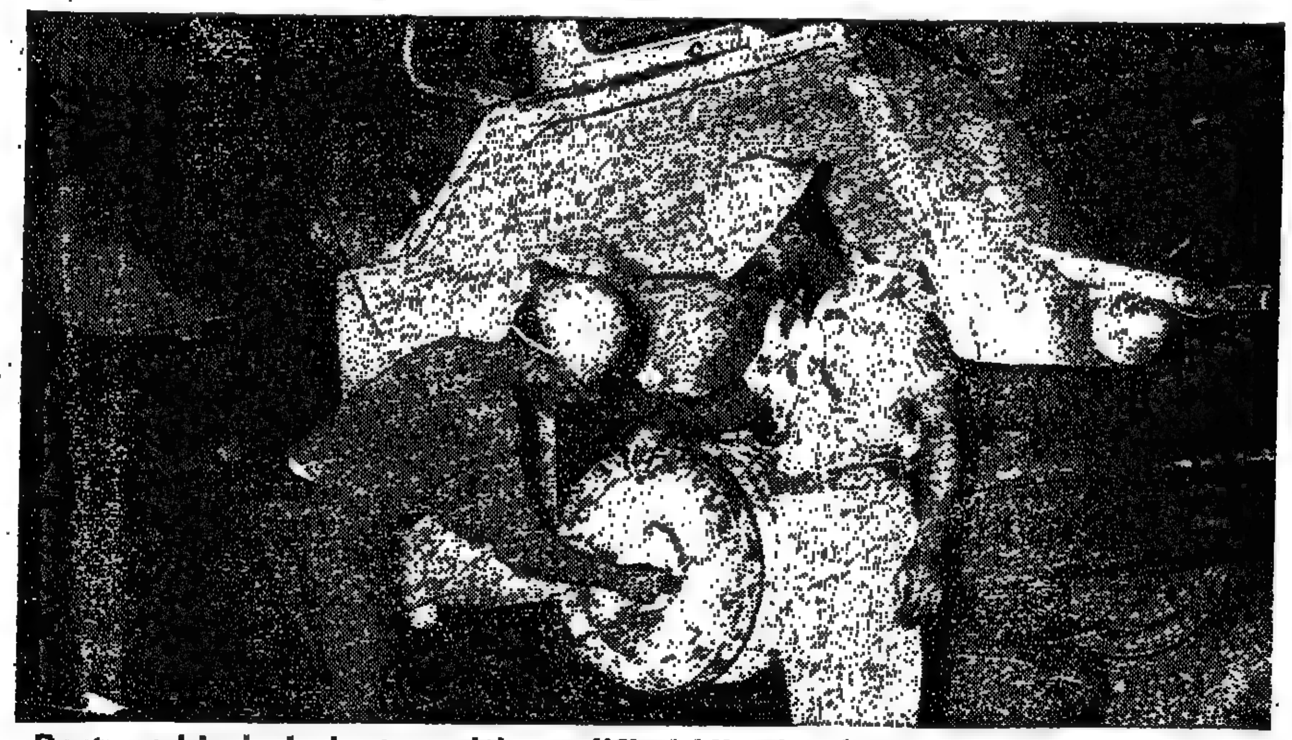
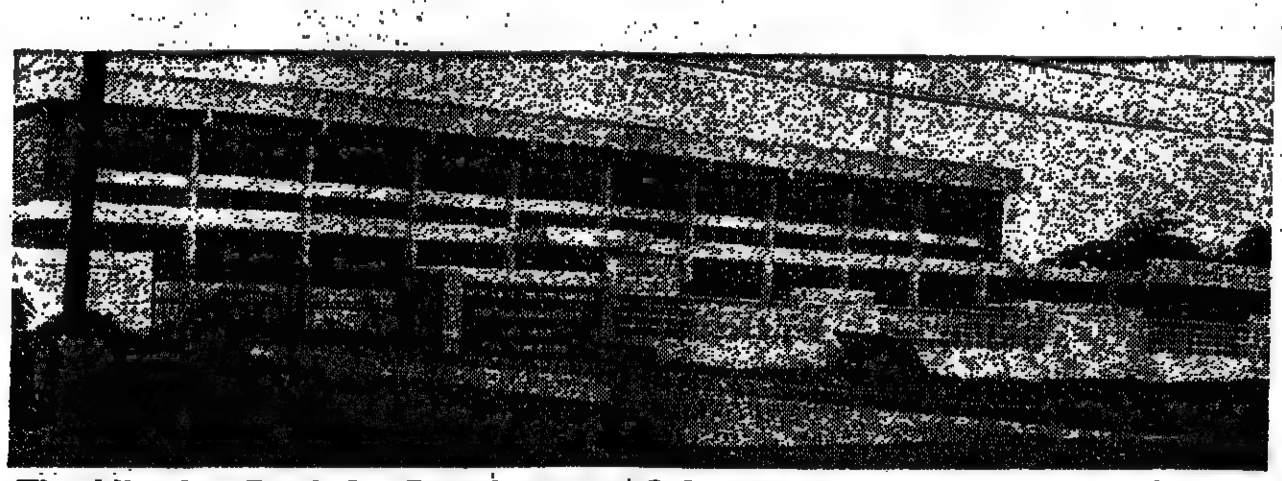
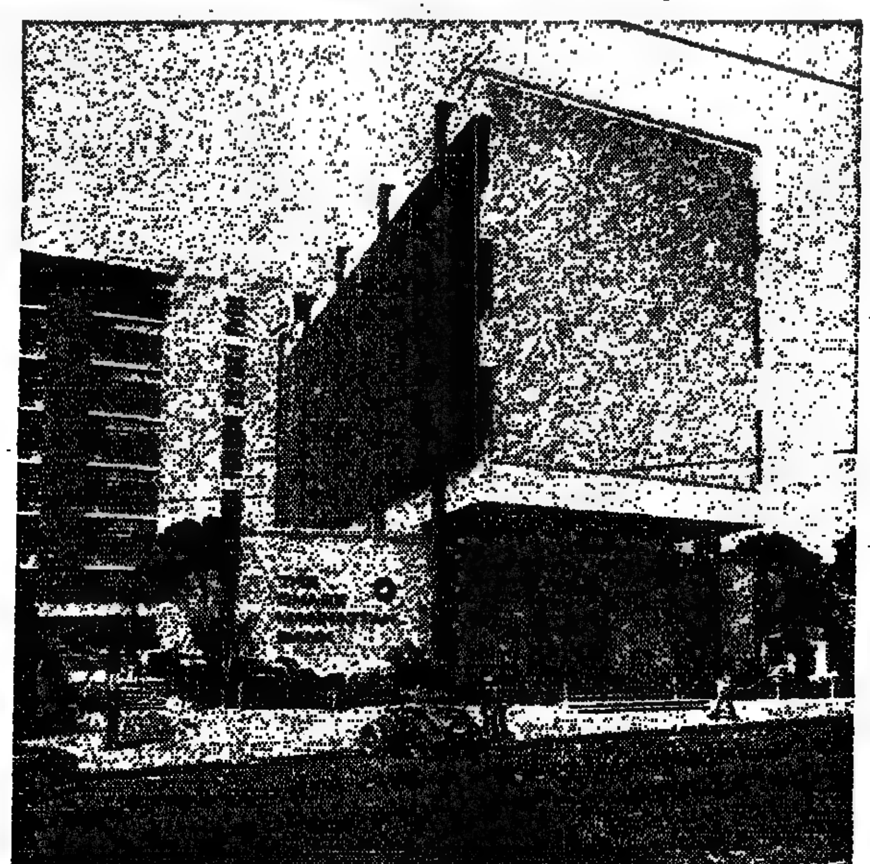




Partnership in industry with qualified Liberian labour is the aim of the Tolbert Administration.



The Liberian Bank for Development & Investment is the financial house for investors in the country.



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Foreign investment begins to pay off

THIRTY-SEVEN PER cent. of Liberia's gross domestic product is accounted for by foreign enclaves. Concessions given by the Government to U.S. and European companies to exploit Liberia's main resources—rubber, timber and mineral ore—have dominated the last half century of the country's economic history, and, for better or for worse, Liberia seems to be stuck with them.

On the one hand, the concessions, which began when Firestone took out a 99-year lease on 1m. acres of land to grow rubber on, pulled the country out of a state of permanent economic crisis. They gave it a role in international trade and provided much-needed jobs; the rubber concessions, which produce two-thirds of Liberia's rubber, are the biggest employers in the country with a workforce of 42,000. The concessions brought schools, hospitals, roads and to this day are responsible for the entirety of Liberia's small railway system.

On the other hand, the bigger concessions have been able to operate almost as independent states, irrelevant to the rest of Liberia's basically farming economy. With virtually no restrictions on their repatriated earnings, they are sometimes seen as prototypes of neo-colonialist exploitation.

Liberia's treatment of its concessions is still liberal by any standards, including by those of other West African countries, but the Tolbert administration has been progressively revising the terms of its agreements over the past five years. Firestone's concession has been reviewed, and the generosity of its original agreement or B. F. Goodrich's consequent 80-year concession has not been repeated with other companies.

A new formula has been worked out for the forestry concessions, which are mostly U.S., Dutch, French and Danish-owned. Instead of a complete tax holiday for five or ten years, companies are allowed to deduct 50 per cent. of their taxable earnings for the first five years and up to 20 per cent. after that, provided the deducted amounts are reinvested. Stumpage fees have been raised, but are still modest compared to those, for instance, of the Ivory Coast.

In the iron ore enclave agreements, dating from the 1950s, Liberia sought a direct share of profits rather than to levy taxes. The Government took half the stock in the big Lamco mine in the far north of the country, alongside Granges of Sweden and Bethlehem Steel, and also took shares in the Bong Mining Company (with Thyssen of West Germany) and the National Iron Ore Company.

Recession

This policy, aimed at "Liberianising" the enclaves (Liberia's "capital" was the ground made available for mining), has since backfired. The steel recession has hit profits so hard that the Government now only receives its nominal minimum in revenue. One of the main mines, at Bomi Hills, run by an associate of Republic Steel, has been closed down. Profit-sharing in the iron mines brought in only some \$14m. to \$15m. last year, half the previous year's earnings and a third of what had been projected. This year they may be less.

The share of iron ore, which makes up most of Liberia's exports, as a source of Government revenue has dropped from 20 per cent. in the mid-1960s to 8 per cent. last year and is expected to be about 5 per cent. this year.

In future contracts, according to senior Government officials, the State will revert to a policy of taxing rather than going into joint ventures. This it is argued, gives the Government greater flexibility in assuring its sources of income, especially under the stricter tax conditions which began to be introduced under the late Finance Minister, Mr. Stephen Tolbert.

But it would be misleading to suggest that the Government is taking a tough line on its foreign enclaves. Companies are "encouraged" rather than obliged to reinvest profits, the attitude being that foreign investors will shy away as soon as the Government starts imposing conditions, and that the important thing is to have investors, on whatever terms.

In its current four-year development plan the Government reaffirms the "Open Door" policy and emphasises the "mutually beneficial partnership between Liberia and foreign enterprises as a crucial element of its development strategy."

The kind of thing it fears will put investors off is the row which blew up last year over the future of Liberia's sole oil refinery in Monrovia harbour—blew up literally, when a big fire broke out at the refinery in December, after two months of periodic breakdowns. Sun Oil had been seeking to divest its interest in the LRC refinery, but with a throughput of 12,000 barrels a day it was too small to lure other major international companies. The Government offered to buy but the two sides failed to agree on terms.

The fire increased the Government's sense of urgency in taking over the running of the refinery, having already become concerned about its level of efficiency. The row came to a head when Sun Oil accused the Liberians of expropriating its interest—a charge denied by the Government—and pressed a claim for compensation. The two sides have since sat down to talks again, however, and are expected to come to a compromise deal in which Sun Oil will receive about \$9m.

A nationalisation row is just what Liberia does not want at the moment, because the fact is that, Open Door policy or no, it is having little success in attracting new investment on any significant scale. Few of the companies which have come to talk with the Government have produced concrete investment plans. There is practically no new private investment in rubber, although existing plantations are expanding. Of three new iron ore mines which it was hoped would be operating in the early 1980s, attracting \$1.5bn. to \$2bn. in overseas capital, two at least appear to have been postponed at least until after 1985.

The U.S. Amax group has pulled out of the biggest of these projects, at Wologisi, although the Government is continuing to negotiate with a group of Japanese interests.

The only new mine that stands some chance of getting under way in the near future is at Bie, near the recently defunct Bomi Hills mine, which has the advantage that the Liberia Mining Company's railway line already goes most of the way to it.

A concession for uranium exploration has been given to Western Enterprises of the U.S., and two companies are holding discussions for offshore oil rights.

The prospects for industrial investment are severely limited by the smallness of Liberia's consumer market. The [illegible] investment code gives [illegible]tives for five years or m[illegible] cluding a 90 per cent. exemption on imported [illegible]ials and equipment and [illegible] per cent. off corporate [illegible] But Liberia's industrial [illegible] has not gone beyond [illegible] medium sized operation[illegible] an export business in [illegible]sives.

Greater things are hope[illegible] with the start up of "[illegible] industries," joint ven[illegible] planned under Liberia's e[illegible]mic union with Sierra L[illegible] and the construction of a[illegible] dustrial free zone, aimed at [illegible] duction of export goods.

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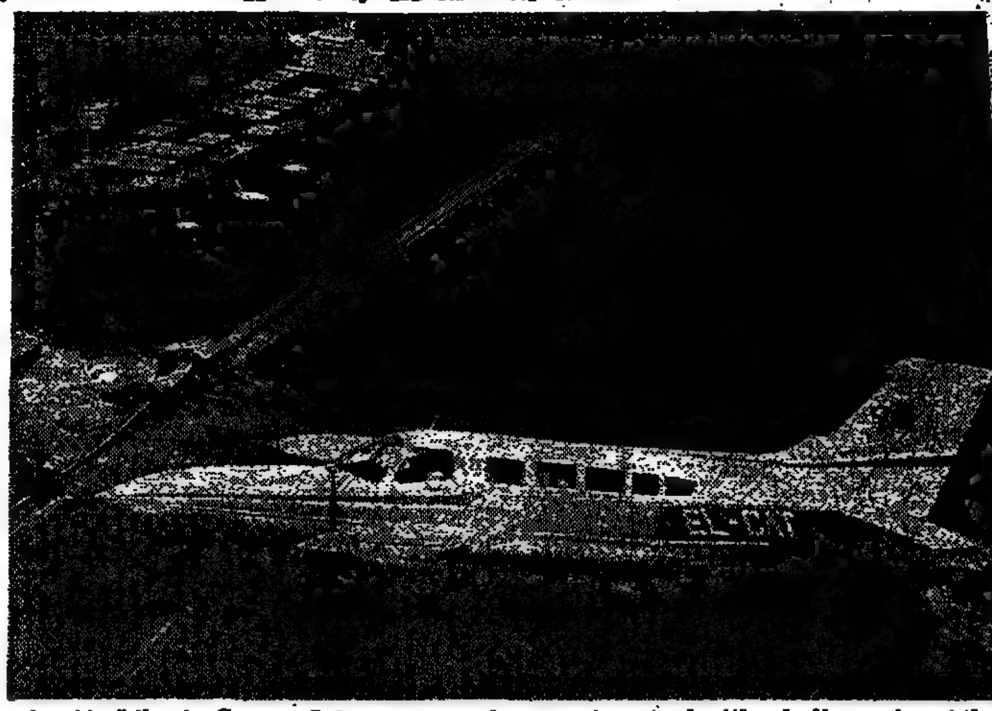

An Air Liberia Cessna flying over an iron ore terminal with a bulk carrier at the jetty in Monrovia Port.

Shipping regulations tightened up

AN HISTORIAL quirk was enough to bring Liberia, a tiny figure in the panorama of world trade, into the forefront of shipping nations. From there to respectibility among the world's shipping community has proved a far more difficult business.

The stars-and-stripes flag and Monrovia registration, emblems of what is today by far the world's largest merchant fleet, have probably brought Liberia more ill-repute than the recognition it sought when it first launched its "flag of convenience."

Oil spills and other disasters involving Liberian-registered vessels have proved so damaging to the country's image in recent years that the Government is now giving greater priority to reversing Liberia's reputation as a haven of runaway-shipowners than to attracting new business.

The term "flag of convenience" is now very much out of favour. President Tolbert has tried to substitute it by "flag of co-operation" and, in the face of adverse publicity, pledged to "support the highest standards of merchant marine safety acceptable to the international maritime community."

Mr. Gerald Cooper, Liberia's Maritime Affairs Commissioner, who describes the mammoth 2,660-vessel fleet as now being "one of the safest" afloat, is anxious to tighten up the remaining loopholes in regulations.

Fees

"We are not going to sacrifice safety for dollars and cents," he says. Undeniably, Liberia's new stance has cost it dear. Shipping fees, which currently figure on a par with iron ore as a source of Government revenue, are expected to drop from \$15.2m. to \$14m. in the current fiscal year ending in June. This is partly because of the slump in world shipping and partly because Liberia has become less of an easy option for shipowners.

Earnings from ship registrations in the second half of last year dropped from \$7.6m. to \$6m. Although total Liberian tonnage—about 16 per cent. of the world fleet—increased from 76m. to 79m., the number of vessels flying the Liberian flag dropped.

Liberia's position has been made more difficult by the efforts of maritime nations such as Greece to foster their own flag-fleets and by the emergence of other cheap flags such as Hong Kong's.

Liberia's leadership, however, is unchallenged. Its fleet has grown considerably since 1973, when it totalled 2,275 vessels and 43.9m. deadweight tons, and some of the shipowners who were at first scared off by new safety rules are coming back into the fold.

Inevitably, since so many ships are Liberian-registered, Liberia figures strongly in the accident records. But according to Mr. Cooper's Bureau of Maritime Affairs in Monrovia, the recent accident rate has been lower than Britain's.

Last year, nine major disasters occurred to Liberian ships, all the subject of Liberian Government investigations.

The introduction of higher standards has gradually brought recognition for Liberia in international bodies. Last November, when Liberia subscribed to an International Safety of Life at Sea convention, it was finally granted a place on the council of the Intergovernmental Maritime Consultative Organisation, a UN body which receives 18 per cent. of its funds from Liberia but in which the Liberians have never before succeeded in gaining a major say.

The council seat — a "great achievement" in Mr. Cooper's eyes — had been coveted by Liberia for years. By gaining it, Liberia ousted Greece to take its place alongside Britain, the U.S., the Soviet Union and Norway in the inner circle of maritime powers.

Last year, representatives of owners of Liberian vessels, including the U.S. and Greek shipping associations which account for two thirds of the Liberian fleet, were invited for talks in Liberia—for the first time in Liberia's history of almost 30 years in the shipping business.

Liberia registered its first ship in 1949—the upshot of a wartime meeting between President Roosevelt and the then Liberian Head of State, William Tubman, who was anxious to show Liberia's openness to foreign investment and fell in line behind the example of Panama.

The fees established then—\$1.20 per net ton registered, and 10 cents per ton per year thereafter—remain unchanged in 1978, not the cheapest, but still among the cheapest, in the world.

Even at this rate, ship registration fees make up one of the Government's prime sources of income, after direct taxation and customs duties. Shipowners registered in Liberia because it was easy and cheap, because Liberia used the U.S. dollar and had an apparently irremovable Government and because there were no strings attached.

Liberian inspection of Liberian ships began only six years ago, after a furore over the collision of two Liberian tankers, the Pacific Glory and the Allegro, in the English Channel in October, 1970.

Experts

Inspection procedures have been stepped up since 1974, with the number of inspectors, nearly all locally-hired experts in major ports, doubling to nearly 200. Main offices have been opened in London, Hong Kong, Rotterdam, New York and Reston, Virginia, where the Bureau of Maritime Affairs has what it claims is a unique computer system for catching up with uninspected vessels.

The Bureau has sent a distinguished former foreign minister, Dr. Rochefort Weeks, as its ambassador to the U.S., its main and most critical client. It now claims its standards are higher than those of most other shipping nations, or those of Lloyds and other classification authorities through whose hands Liberian ships must also pass.

But the Liberians have continued to come under attack, particularly after the incident of the Argo Merchant, which ran aground on the Nantucket Shoals at the end of 1976 with a cargo of heavy heating oil. After 16 days aground, the Argo Merchant broke in two. The vessel, which had sailed off course, was 23 years old and six months overdue for inspection. The Liberians eventually punished the captain by revoking his licence.

Another major incident took place last Christmas, when two 330,000-ton sister ships, M/S Venpet and M/S Venoil, both Liberian-registered and on long-term charter to Gulf Oil, one in ballast and the other loaded with 250,000 tons of crude oil, ran into each other off the South African coast.

However, the accident rate has been decreasing as Liberia has sought to reduce the average age of its fleet, now under ten years, according to the bureau, compared with 14 years a decade ago. The inspection requirement is stepped up from once to twice a year for ships over 20 years old, and since 1975 no ship over that age can apply for registration.

But maritime authorities are not the only quarter from which Liberia has had to face fire. It is currently in running battle with the International Transport Workers' Federation, which is demanding higher wages for seamen on Liberian ships, and has been threatening a boycott.

The Liberian authorities contend that the union campaign is against the employment of seamen from Third World countries; Liberia, although is trying to place Liberian seamen on ships, makes no stipulations as to crew nationality.

The Liberian authorities claim that the minimum wages demanded by the Federation are higher than the European average and that average pay on Liberian ships is better than, say, on British ships. Other crewing regulations, such as the number of officers required on deck, are more stringent than many.

Rules on crew conditions—from the banning of flogging to the right to strike, the latter subject to 30 days' notice—have been incorporated into Liberia's shipping laws since 196[illegible] Liberia has signed international conventions on minimum ages for crew, officers' qualifications and owners' liability for injury and sickness. It has yet, however, to ratify the International Labour Organisation's convention on minimum standards in merchant ships.

Union pressure may well result in crew conditions being included as an item in inspection procedures, which could result in further defections among shipowners.

It is above all to the Americans that Liberia is determined to disprove its reputation for running a sub-standard fleet. Of the U.S. "effective control" fleet — including U.S.-owned ships under Panamanian, Honduran and other flags—89.5 per cent. are Liberian vessels.

Not only that, but most of the Liberian fleet are oil tankers. Liberian ships are reckoned to carry 40 per cent. of U.S. oil imports.

U.S. concern over the strategic role of the Liberian flag mounted after Liberian moves during the 1973 Middle East war to boycott U.S. defence cargoes. The Liberians have recently come to terms by assuring the U.S. that they will make their vessels available to the country of ownership in time of emergency.

D.W.

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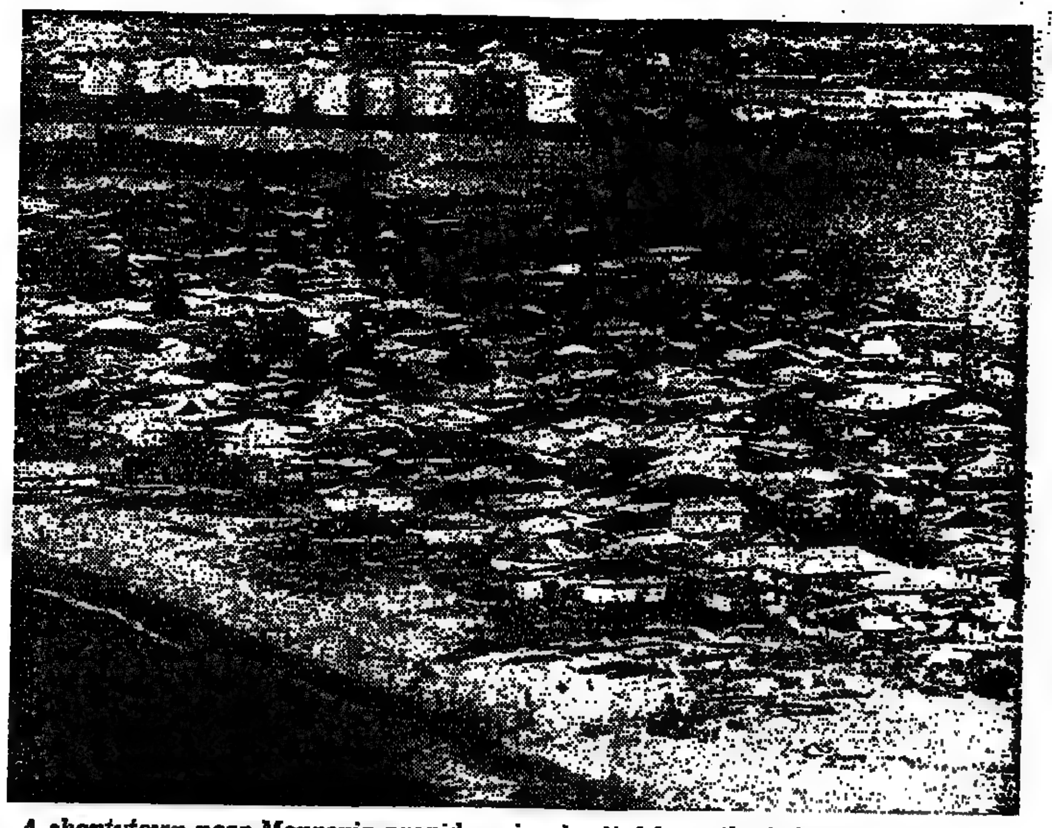
Industrial free zone takes shape



A shantytown near Monrovia provides visual relief from the industrial starkness of the Liberia Refinery plant in the background.

WEST AFRICA'S second industrial free zone is taking shape on Bushrod Island, the site of Monrovia's U.S.-built harbour. As other countries also look for ways to reduce their dependence on raw material exports and to attract capital into processing plants, the free zone idea is catching on fast. Senegal already has one in operation in Dakar, and there are plans for others in the Ivory Coast, Sierra Leone and Ghana.

Liberia launched its project in 1975, earmarked 75 acres of land and began installation work two years ago. The Government has so far sunk $4m. into it and expects to spend $13m. on the first stage, to be completed in the next two years.

By then it hopes to have 26 companies forming the base of a manufacturing export sector, and eventually to have 40 operating in the Free Zone.

Rather than copy the Senegalese formula, the Liberians are modelling their project on Taiwan and the Irish free zone at Shannon. They have received technical assistance from both countries, and the Irish are running a training programme.

The Liberia Industrial Free Zone Authority, set up with the idea of including private local shareholdings but up to now State-run, is seeking to attract foreign business on the basis of Liberia's stable political record, its relative lack of labour pressures and above all the convenience of its use of the U.S. dollar as currency. There are no exchange controls, and companies are offered five years' freedom from tax.

Conditions have been deliberately made easier than Dakar's. The minimum investment being considered is $200,000, compared with $850,000 required by the Senegalese, and whereas Senegal stipulates that each company must offer at least 150 local jobs, Liberia merely puts a vague demand that industries be labour intensive.

"In order to induce investment we have to give up something," shrugged the authority's operations manager, Mr. Augustus Howard. What Liberia stands to gain in this apparently lopsided bargain is much-needed employment and the basis of an export market in something other than raw materials.

Companies in the free zone are expected to gear at least 80 per cent of their production to export.

Scheme

The remaining 20 per cent can be placed on the local market—but the Government is allowing for a higher proportion *as long as goods are not in direct* competition with other locally based manufacturers.

A similar scheme of industry geared to local market needs is being put forward under another quasi-Government agency, the Liberian Development Corporation, which is setting up an industrial park. Incentives there parallel those in the export project, except that companies will become liable for full corporation tax once their five-year tax holiday is up. Companies in the free zone will only be taxed at a quarter of the normal rate.

The Liberian Government relying heavily on foreign loans, is putting in water, electricity, drainage and communications, and building a four-lane highway linking Bushrod Island with the city. The highway kills two birds with one stone, since it is also destined to serve for next year's Organisation of African States meeting, taking place on the same side of town, now connected to the centre by a permanent end-to-end traffic jam.

Harbour facilities are being brought up to date and are due to be fully containerised by the time the first stage of the free zone is completed in 1980. Monrovia harbour, built under a $20m. U.S. investment during and after the second world war and enjoying free port status since 1956, only operates at present at about half its capacity, although it handles half the country's foreign trade.

Factory premises are being built on the site for rental, one large one comprising four bays, to be used together or separately according to the size of the operation, and six smaller ones with two bays. Companies are to be charged for land rental at the rate of $1 per square metre per year.

According to the authority, five companies have so far made firm commitments to set up in the free zone, including a $7.6m. investment by a U.S. company to make chocolate and another by the Brazilian Swift-Armour meat-packing group. Enquiries have so far been received from about 100 other companies, and it is hoped to receive total investment of about $50m. from private sources.

The Government is eager to attract investment in pharmaceuticals, electrical goods, farm machinery, motor assembly and tyres (a pet project, more realistically within reach than Liberia's other pipe-dream of an iron and steel complex).

The criteria on which investment proposals are being judged are their value in terms of foreign exchange earnings, the extent to which they bring in new technology, the input of locally-produced raw materials, the avoidance of pollution problems and, above all, jobs. Companies are required to hire Liberians except in cases where there are none qualified to do the job—a criterion which in other foreign-run Liberian companies has been subject to differences of interpretation.

The Liberia Industrial Free Zone Authority's pamphlet, aimed at prospective clients, features on its front page the picture of a helmeted, doe-eyed worker, to whom is attributed the poignant appeal: "Hire me! I am skilled, hard working reliable and inexpensive, and there are many like me in my country."

Labour is indeed low-paid and plentiful. In Monrovia, a city which has doubled in population in the last decade and now probably houses 250,000, a sixth of the country's inhabitants, the rate of unemployment is put at over 20 per cent. of the working population.

D.W.

Iron ore decline hits hard

[TH]E LATEST wisecrack in [Li]berian mining circles concerns [th]e country's biggest iron ore [co]ncession—Lamco J.V. "Have [yo]u heard that Lamco has [op]ened a new mine? It's in the [po]rt of Buchanan." The "joke" [is] a reference to the massive [st]ockpiles of ore which have [co]llected in the port because of [th]e slump in the world steel [m]arket. Neither Lamco nor the [G]overnment thinks it is very [fu]nny.

Iron ore has been crucial to [th]e Liberian economy for the [la]st decade. It accounts for [ne]arly three quarters of the [co]untry's total export earnings [an]d is largely responsible for [Li]beria's trade surplus in most [ye]ars for the past decade. But [li]ke all steel producing and [ir]on ore exporting countries, [Li]beria has been hit by the [d]ecline in demand and is [an]xiously looking for other [so]urces of revenue.

[T]reehouse

The iron ore industry is [r]ather like someone living in a [tr]eehouse who looks out one day [to] find the trunk being hacked [a]way. But since demand started [fa]lling as early as 1973 there [ha]s been an active search by the [G]overnment to reduce depend[en]ce on iron ore revenue and [ef]forts by the iron ore com[pa]nies to retrench to protect [th]emselves from the worst of [th]e recession.

There are now three major [co]mpanies mining iron ore in [Li]beria. The oldest of them, the [Li]berian Mining Company, shut [do]wn last year when its Bomi [Hi]lls mine ran out of ore. The [re]maining three have an annual [ca]pacity of 22.8m. tonnes but at [pr]esent they are working at only [...] per cent. of maximum.

[N]onetheless, the mining in[du]stry proved fairly bouyant in [19]76 after bad years in 1975 [an]d 1974. The three companies [...] Liberian - American [Sw]edish Minerals Joint Venture [Co]mpany, Lamco J.V., the [Na]tional Iron Ore Mining Com[pan]y and the Bong Mining Com[pan]y) exported a total of 20.5m. [ton]s in 1976 worth $331.6m. The [197]7 figures have not been com[pil]ed in detail yet but every [ind]ication is that production [wil]l be well down.

[W]hat is more significant for [the] mining companies is the [cha]nge in the type of ore they [are] exporting in order to satisfy [wha]t market there is. Only [La]mco has a captive market in [tha]t it sends one third of its [ore] to Bethlehem Steel in the [Uni]ted States. The others are [figh]ting for a slice of a shrink[ing] cake.

[L]amco accounts for more than [...] per cent. of all the ore [min]ed in Liberia. It was the [first] to react to changing [circ]umstances in the market by [clos]ing its pelletising plant and [red]eploying part of its workforce [to] maintenance. It has also [redu]ced production from its [Nim]ba mine in the north of [the] country near the border [wit]h Guinea and has all but [stop]ped production on a new [min]e it has recently opened at [Tok]adeh nearby.

[B]ecause of the difficulties [...] experienced by the [min]ing companies, the Government has been in no hurry to insist on a full renegotiation of the concession agreement with Lamco. A supplement was added to the agreement in 1976 which was partly responsible for an upturn in the revenues from iron ore by $12m. to $28.7m.

But 1977 will be one of the worst years on record in terms of Government revenues from mining with their income cut by half to $14m. and little prospect of the market picking up.

Until the slump, Lamco had been scraping a steady 40,000 tons a day off the top of the mountain at Nimba and sending it off along the company's own 165 mile railway line which links it with the port and processing plant at Buchanan. The community which serves the mines is 20,000 strong and sprawls over the hillside in the dry, sunny climate of the north.

Previously, the ore was sold either as high grade lumpy with an Fe content of 64 per cent. or it was put through the $51.4m. pelletising plant which, when it came into operation in 1973, had an operating capacity of 13.5m. tons a year. Once the plant shut, the skilled men who worked it were all found jobs elsewhere. Lamco is ever mindful that the recession will not last forever and when things do start to pick up Liberia will be in a very favourable position.

The country has immense reserves of high quality ore. In Nimba alone, Lamco can count on another 115m. tons of ore with an Fe content of 65 per cent. They estimate that will last until 1986 at normal demand and in the Tokadeh mine there is 220m. tons of ore with an Fe content of 53 per cent. which will last until the end of the century.

Anxious

Since Lamco's investment in their mines has been $300m. since mining began the company is understandably anxious to make the most of its investment. To keep its share of the market it is investing more money in building a crushing plant to convert its lumpy ore into fines. Even though fines sells for less, there is far more demand for it on the world market.

One major victim of the recession is the suspension of future investment in iron ore mining on which the Government was counting. The most promising project was the Liberian Iron and Steel Company (LISCO) venture at Wologisi which was scheduled to start production by 1980, yielding 10m. tons a year of high grade pellets with an Fe66 to 68 content.

The problem with Wologisi is that being 134 miles from the coast it would have meant considerable investment on infrastructure. Negotiations with a Japanese consortium broke down and the Government is now seeking other partners. For the moment it is a question of sitting and waiting until the market picks up.

M.W.

Growing emphasis on agriculture

FOR THE first time in Liberia's 130 years of independent existence. Government programmes and foreign aid benefits are beginning to make a visible and lasting impact on areas of the primitive interior.

Rural development projects and roads—including the farm-to-market roads badly needed if tribal farmers are ever going to have anything to do with the money economy—are the two biggest spending items in Liberia's current national plan.

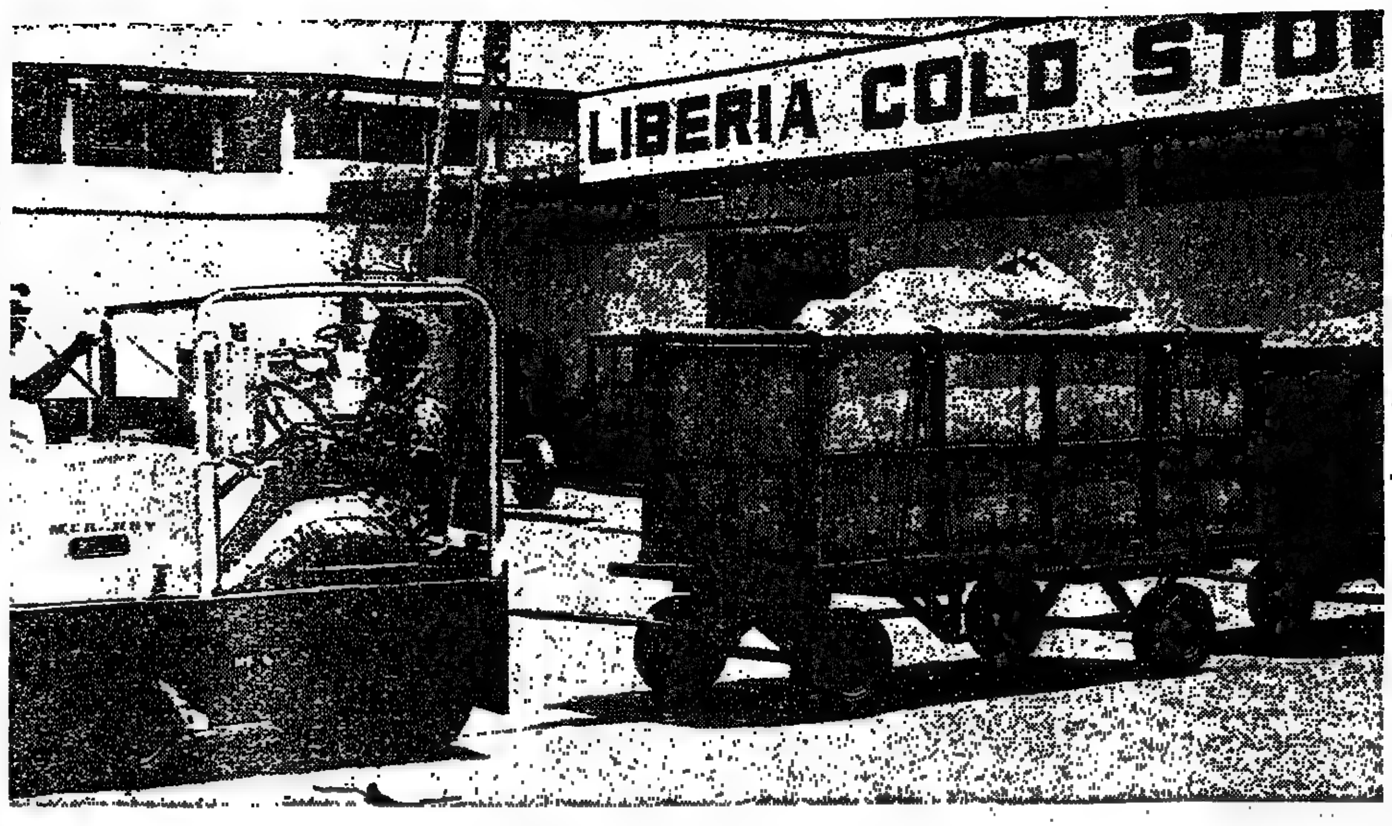
Although the Government usually overstates its optimism about the rate at which Liberia's agriculture can be brought up to date and in line with its needs, it has invested a lot of political capital in its "mats to mattresses" campaign to improve living standards in the countryside, and is committed to carrying it through.

It is the first Government in modern times to give such importance to the farm sector, which has been dwarfed in economic terms by the foreign-run mines and which itself has had the bulk of its investment concentrated in rubber.

This change in attitude doubtless owes a good deal to the example of the Ivory Coast, Liberia's eastern neighbour, which has similar natural handicaps and little mineral wealth but has nevertheless managed to achieve a relative degree of prosperity.

The Government is also having to come to grips with the fact that when the commercial iron ore runs out, as it may do in 30 years, it will have to rely on its farms and forest reserves.

Farm schemes, like everything else in Liberia, are heavily reliant on foreign assistance. UN agencies are active in experimental centres, in an effort to identify and overcome the bottlenecks which have held the rural sector back—including all the aspects of poor education, health services, transport and so on. Liberia is one of half a dozen developing countries where the UN is concentrating on this kind of experiment.



Agriculture and fisheries cold storage plant near Monrovia.

Deficiencies

Like other West African countries, Liberia, although an agricultural exporter, faces serious deficiencies in food supplies, especially rice, which is and always has been the main diet. Annual rice imports were cut back from around 50,000 tonnes a year to 30,000, but last year the local crop dropped, rice fields in the north were wiped out by flooding and imports went back up again, with unofficial estimates ranging upwards of 45,000 tonnes.

The Government is pressing an apparently far-fetched aim for self-sufficiency in rice by the end of the decade. "Warning! It's no joke! No imported rice after 1980" is confidently proclaimed on a hoarding outside the Ministry of Agriculture. But foreign experts believe Liberia, with its growing population and continuing migration from the countryside, will still be importing its main staple another decade further on.

About 70 per cent. of Liberians live on the land, but traditional farm activities make up only 14 per cent. of gross domestic product, and rice, which nearly all farmers grow, makes up only 5 per cent.

Liberia's backwardness in farming—apart from its more dynamic export activities—stems from a combination of natural and social factors and bad Government.

It rains in Liberia from May to October. The rain leaches and erodes the soil and makes transport and roadbuilding and maintenance difficult. The lack of transport in most of the country is the most chronic and obvious of the country's rural *problems*.

Disease is rampant in the interior—chiefly malaria, bilharzia, leprosy, elephantiasis, tuberculosis and hookworm. Sleeping sickness in cattle makes livestock farming precarious.

New projects face endemic labour problems. A UN expert said he found "a lack of incentive and awareness" among rural families, tied to the narrow base of their long-isolated villages and to a traditional African system of rotation farming, or "bush fallowing."

Every year a family clears new land for rice, leaving the patch for seven to 12 years before using it again. This means that for every acre being used for crops, about nine or ten are lying fallow at any one time. This system works more or less as long as there is enough land, but when the population increases the fallow land is often re-used after three or four years and the soil is over-used and robbed of its nutrients. The clearing process is also extremely wasteful, both in labour and timber.

In January or February, when a family sets about "making a *farm" on a plot of three acres* or so, the men clear the forest with cutlasses and axes for the women to till the ground for sowing.

The timber is burnt. It has been estimated that 50,000 acres of forest is destroyed annually in this way, wasting timber that is infinitely more valuable than the rice grown that year in the clearing.

Although there are reckoned to be 137,000 rice farms in Liberia — out of a total of 152,000 agricultural households —they do not produce enough surplus to feed people in the towns. The gap in supply has arisen mainly with the rapid growth of Monrovia and the movement of labour from the traditional subsistence farming sector on to the rubber plantations from the 1930s onwards. The shortfall was for some years disguised by supplies of U.S. rice at cheap rates. The fact that Liberia, since its earliest history a rice-growing area, became dependent on this rice is a classic instance of how some kinds of aid can interfere with a country's development.

The UN Food and Agriculture Organisation is promoting swamp rice development, and new techniques are being tried out in Liberia by the West African Rice Development Association, jointly financed by West African governments. At present Liberia relies mostly on upland rice—213,000 out of the total 245,000 tonnes harvested in 1976. The Government wants to encourage rice-farming instead in lowland swamps, where labour can be put to greater effect, leaving the higher land for tree crops and thus preventing soil erosion.

But farm workers, afraid of catching bilharzia in the swamps and, in the case of the men, unattuned to this kind of work, are slow to adapt to the changeover. In the meantime, new varieties of upland rice are being tried in a pilot plan involving 2,300 farms in the hope of increasing productivity.

Projects

Some 1,500 swamp rice farms have been set up, and the Government has been clearing land for rice-growing co-operation. By 1980, the Agriculture Ministry hopes to have 3,000 of these farms going.

In the two first integrated farm projects — Lofa and Bong — both upland and swamp rice are being grown. Some $22m. is going into these projects, in which the Liberian Government *is receiving heavy backing from* USAID and the World Bank. A third project in Nimba is due to start later this year with West German financial support, and another is planned in Grand Gedeh.

But while a lot of effort is going into these plans, aimed at improving conditions for subsistence farmers, it is the big farming ventures that tend to dominate the scene. The Taylor Woodrow and Dalgety groups of the U.K. are co-managing a big rice project at Cestos, and another 50,000 acre farm is *pending at Cavalla in the east.*

Liberia's farm export sector—which, apart from rubber, means basically coffee, cocoa and palm kernel products, but which will *in future include* palm oil and coconuts—is being boosted by a $16m. Government spending programme this year.

Marketing of these products the monopoly of the Liber Product Marketing Corporati (LPMC), a former joint ventu with the Danish East Asia Corporation. The State t over full ownership in 1975 has since kept on a manager agreement with the Danes, in its final year.

The value of farm export year leapt from $13.9m. to because of the rise in coffee prices, which co with a bumper crop yea *volume of coffee expor* year is expected to steady—last year 122,0 were exported after a t *of* 174,000, and thi harvest is put at 132, —but coffee earnings compare with 1977's $24m.

This year, Liberia w to export palm oil—ab tonnes of it—as th privately owned processing plants come into operation. These are run by West African Agricultural Corporation, controlled by Mr. Charles Sherman, a respected local businessman and political figure, and by Libinc, in which Getty Oil has an interest. A third, smaller palm oil plant is due to be built in Monrovia.

Two Ivory Coast concerns are conducting studies on palm oil projects under a technical co-operation agreement with the Liberians, and LPMC is developing *22,500* acres for oil palms in Sinoe, Grand Gedeh and Maryland counties.

A further 20,000 acres in coastal regions are being dedicated to coconuts, of which Liberia does not at present have an exportable surplus. Other areas in different parts of the country are *being* developed for coffee and cocoa, Liberia's two most valuable food crops. These, like the oil palm projects, will take four or five years at least to come into their own. By then, if all these projects go through and Liberia begins to organise *rationally its immense forest reserves,* a far greater share of its wealth will be where the population is, on the land.

D.W.

Rubber plays a major role

LIBERIA HAS come a long way since it was described disparagingly as the "Firestone Republic" back in the 1930s. At that time the Firestone Rubber Company's plantation was by far the biggest—if not the sole—industry in the country and could exert considerable financial pressure on the Government.

Since then the manufacturing base in Liberia has widened and other raw materials have taken the place of rubber as the primary export. But rubber is still a vital part of the economy. Over half the wage-earning population (42,000) is employed in what is still a labour-intensive industry and since the Government renegotiated the concession agreement with Firestone, a considerable part of Government revenues now comes from rubber.

Plantations

Once you pass the giant hoarding announcing "The biggest rubber plantation in the world" you pass into another world, another Liberia. Only 25 miles from the sprawling capital, Monrovia, and only minutes from the new terminal at Robertsfield International Airport, is the Firestone concession at Harbel.

Harbel is easily the biggest of the two Firestone plantations. It covers 76,000 acres while Cavalla, for example, is 12,380 acres. Nonetheless, once you *enter either of them,* as far as the eye can see there is nothing but Firestone land. At Harbel there are 600 miles of road, a hospital, health centres, schools, playing grounds and a sports centre as well as 9.2m. rubber trees.

There has always been a curious love-hate relationship between the major concessionaires and the people of Liberia. They are accepted as an indis*pensable part of the economy* but at the same time it is well known that they could contribute more to Government revenues than they are. Moreover, conditions for workers at Harbel are not as good as the Government might like in an ideal world.

But Firestone has at least stuck with Liberia through good and bad. The fluctuating price of natural rubber since 1972 made it look at one stage as though it would no longer be a profitable material to extract. But the rapid rise in oil prices changed all that, with the price of synthetic rubber soaring and *natural* rubber prices being pushed higher than at any time since the Korean war boom.

In 1976 the volume of exported rubber declined by about 10 per cent, but at the same time the unit value of exports went up by 27 per cent., reflecting the increase in world demand. Opposing volume and price movements resulted in an increase in export receipts of 15 per cent. which gave Government revenues a considerable boost while income from iron ore was declining.

The reduced volume of sales was largely due to a massive replanting programme started by Firestone. *Firestone is* increasing the area of rubber trees it has planted as well as replacing ageing trees at the rate of 3,000 acres a year with improved budded stumps.

During 1976 Liberia exported nearly 62½m. lb of latex and almost 100m. lb of rubber crepe, which together were worth $53m. The U.S. remains Liberia's biggest customer, taking 85 per cent. of export volume, but the EEC has become an increasingly important market and takes most of the rest. The principal importers within Europe are France, Italy and West Germany.

Because of the large numbers employed in the industry, and the growing share of the farming carried out by the Liberians themselves, a large proportion of the revenue from rubber accrues to the Government—as much as 40 to 45 per cent.

Housing

Firestone alone employs 12,000 workers and supports a *total population on both estates* of 58,000. The town at the centre of Harbel looks like a run-down holiday camp with its brick built huts for tappers and the larger pre-fabricated bungalows for the staff.

The giant Firestone estate is split into 43 divisions at Harbel, with 120 latex collection stations *spread around. Tappers work* from early morning until they have completed 200 trees and are paid $1.50 a day. They have free housing, free medical treatment, free schooling for their children and subsidised food.

The rubber industry in Liberia is dominated by six companies which account for two *thirds of production.* As well as Firestone there is Uniroyal with 18,000 acres, B. F. Goodrich with 14,000 acres and Pan American and the Dutch group SRC each with 5,000 acres. Among the Liberian-owned holdings, the biggest is Mesurado with 5,000 acres.

The revolutionary element of the past few years has been the rapid increase in the number of Liberian farmers of rubber trees. They number more than 4,500 varying from the loc village co-operative to the ci servant earning a little ext income.

The problem with the small farmer is his lack of efficiency. The farms vary in size from five to 1,000 acres but while the concessionaire can expect yields of 1,000 to 1,500 lb per acre, the small farmer is lucky to get 700 lb. The big farms are constantly improving the strain by developing new varieties of budded stumps and regularly replacing old or diseased trees.

Moreover, until recently the concessions were *the only units* with the processing capacity necessary to handle the rubber and Firestone could effectively set the price at which the raw latex was sold. The government has still not managed to set a standard grade for Liberian rubber and so Firestone remains the major force.

Firestone processed 44m. lb of rubber for local producers last year. It was a volume like that which persuaded the Liberian Government to set up the Liberian Rubber Processing Company in 1974 with help from the Malaysian rubber company Kumpulan Guthrie. Under a management agreement, Kumpulan provided a general manager and technical services: a new management contract has recently been negotiated.

M.W.

A detachment of the Liberian Army.

Difficulties with human resources

THE LIBERIAN Immigration Bureau is a few cramped and sweaty rooms on the first floor of a building on Main Street, Monrovia. After filling in a form and attaching some photos, a lady perched on a stool behind the counter throws your passport in a desk drawer with a number of others.

Liberian immigration control is not strict—but it has become necessary. The stable, unrepressive political atmosphere and the relative prosperity of Monrovia has attracted people from all over Africa and the Middle East who have thrown themselves with vigour into the economic life of their adopted countries.

It is a fact of Monrovian life that your shopkeeper will probably be Lebanese, your taxi driver from Guinea and the technical manager of the nearest factory will be from the U.S. or Europe. It has aggravated an already difficult employment problem for Liberia.

"About the only monopoly left to Liberians is poverty," said a disgruntled young Government employee. "We have to Liberianise, that's all there is to it. We have to improve our training facilities and put our own kids into positions of responsibility, that's all there is to it."

Unfortunately, it is not as easy as that. Liberia's most crucial need is for trained personnel to replace the expensive expatriate labour which drains a sizeable portion of the country's revenues. Yet at the same time the country cannot afford to frighten off the entrepreneurs and experts who are still the iron in the country's economic bloodstream.

The Liberian has been caught between an influx of trained labour from Europe and the U.S. doing the skilled jobs and a tidal wave of workers in the unskilled or semi-skilled sectors who have swamped the labour market. That was why Liberia had to institute, albeit reluctantly, some form of immigration control.

Pulse

A government report called Indicative Manpower Plan 1972-1982 put its finger on the pulse of the problem: "As a result of the narrow manpower base and an imbalanced education system, Liberia has long depended on expensive manpower imports to stimulate her economic growth."

The "Open Door" investment policy during the 1960s brought economic and industrial growth which far outstripped the reserves of trained manpower which Liberia could offer or train. The present Government is now faced with the problem of filling the manpower vacuum left by that growth.

There are no comprehesive employment figures by industry so it is not possible to get an exact picture of how much outside labour is employed in each industry. But a survey taken in 1973 of 96 of the largest companies in the country does give a rought idea. The total number of foreigners was relatively small (4,575) and represented only 7.3 per cent. of the total workforce.

But the survey did show that expatriates dominated two key sectors of the economy—retail and wholesale trades and services. In retail and wholesale, 55 per cent. of the workforce was non-Liberian, most of them being Lebanese with shops of their own. Services, both business and personal, had a 68 per cent. foreign workforce.

What was more, the non-Liberian in the service sector had an average income seven times higher than a Liberian in the same business. The same picture was visible in the vital mining sector. Although only 1,100 non-Liberians were employed out of a total workforce of 12,090, the average expatriate had far more responsibility which was reflected in his average earnings which were three times higher.

The high cost of expatriate labour has encouraged major concessions like Lamco J. V., the mining company, to start its own training programme in order to train its own engineers and skilled production workers. "Liberianisation" is a key word in Government circles and the major companies are encouraged to give greater responsibilities to their Liberian workforce.

The task of finding employment for all has been made no easier by the dramatic shift in population distribution which occurred between 1962 and 1972 and which is continuing. The rural population declined from 80 to 70 per cent. of the population in that decade while the potential workforce grew from under 400,000 to around 580,000. The numbers coming onto the job market have continued to grow rapidly, reflecting the youth of the population—a 1971 census showed that half the population was under 19.

The future hinges on the educational programme. At present there is widespread illiteracy and a report published in 1974 showed that 79 per cent. of all people over ten years old had never completed the first grade. In rural areas the figure was as high as 84 per cent.

Education

Technical education has been made a priority by the Ministry of Education but education spending in 1975 still only represented 4 per cent. of GNP and the education budget was up 16 per cent. in 1976 but was still only $11.90m. That figure is a slight distortion because many of the schools are run by outside institutions, especially the churches.

No one accepts the need for more spending on education faster than Dr. Advertus A. Hoff, the Minister of Education. "It is a very small cake we have here and it is difficult to know where to cut it. But with respect to the need for an increase in spending—nobody recognises it more than those of us in education," he said.

USAID and the EEC are among those providing funds for educational programmes but there is a crying need for more trained teachers. In theory, elementary school teachers should have completed 12 years of education. In fact, the 1972 figures show that only half of them had themselves completed High School.

In theory, school attendance is compulsory. In practice, the 1972 figures show that only 37 per cent. of the population between six and 16 had enrolled in school and the actual school attendance was much lower. The immediate need, says the Government, is for more money which it hasn't got.

M.W.

Road programme a priority

HROUGHOUT THE long, dry eason there is ample advance arning of road works ahead. he heavy machinery throws up dense pall of dust which hangs ver the workings in the windless ir and is visible long before ou reach it. The dust is a uisance but it is an inescapable art of the big drive to expand nd improve the present road etwork.

The Government is the first to dmit that the present pitted outes are in urgent need of ttention. It is not simply a uestion of comfort. More and etter roads mean a greater part f the interior opened up and a rger proportion of the rural ommunity brought into the oney economy. At present, iberia has one of the lowest oad densities per thousand opulation of any country on the est coast of Africa yet 70 per ent. of the population works in griculture away from urban entres.

Priority

Because of that, roadbuilding as long been a budgetary iority and considerable outde help has come from such ganisations as the U.S. Bureau Public Roads and USAID. In 76 the Ministry of Public orks was given $2.34m. though this was 39 per cent. wn on the year before because number of major projects had en completed.

But the long term programme far more ambitious than anyng seen so far. The National an Economic Development an published in 1976 covers four year period up to 1980. uring that period the plan visages expenditure of 8.3m on roads. Of this, the jor expenditure would be on construction ($112.7m.). But a sizeable amount ($22.4m.) has been allotted to maintenance and the balance ($3.2m.) for research projects.

The major schemes contained in the plan are the construction, realigning and paving of the Totota-Ganta road: the Monrovia streets and drainage programme: and the construction of 60 miles and the improvement of 310 miles of roads in Upper Lofa in the north of the country.

Local contractors are being offered the chance to build or improve 160 miles of surfaced roads and 300 miles of laterite roads in Nimba County. But most of the other major projects will go to outside contractors.

Road is still the most popular form of transport in Liberia. The Ministry of Public Works (MPW) has considered the possibility of a railway but rejected it because of the low population density of much of the interior. There is also an internal airline which runs daily flights to the north of the country and back.

For most people the only way of getting about remains by road. In the city it is simple either to take a taxi at 30 cents fixed price or to ride on the bus at 10 cents a trip. Private car ownership is low, but even so the present network is largely incapable of handling the current volume of traffic.

Most of the roads have been built since 1950. By the mid-1960s there were 2,300 miles of road of which about 200 miles were covered with tarmac. During the next five years the increased public road-building programme coincided with a big effort on the part of the concessions (mainly rubber and iron ore) to expand their internal road systems.

By 1974, the road network had doubled to around 4,500 miles with no significant increase in the covered roads. Secondary roads had been made a priority in order to open up the interior and of the total mileage built during that decade, 1,400 miles were secondary roads.

None the less, Liberia's road density per 1,000 population is only half what might be expected when it is compared with its neighbour Sierra Leone. Sierra Leone has similar physical conditions, settlement patterns and per capita income yet it has more than twice the road density as have Liberia's other neighbours Guinea and Ivory Coast.

Aggravation

What aggravates the problem for Liberia is that much of the existing network is in poor condition. There are two principal reasons for this; the first of which is that the design standard of the roads is below the present volume of traffic.

One look at Monrovia, its roads choked with petrol fumes, is enough to prove that the combustion engine has run riot in the city. Although vehicle registration figures are not entirely reliable, the vehicle fleet grew from 8,000 in 1961 to more than 23,000 by 1974. Car sales figures prove that since then the growth has continued to be as spectacular.

About 40 per cent. of the vehicles registered are buses and lorries, another 40 per cent. are private car and the remaining 20 per cent. are taxis. Taxis are the most popular means of transport within Monrovia (provided you don't mind sharing with a few other people) but they contribute considerably to the city's traffic congestion.

Some roads carry an estimated 26,000 vehicles per day and construction within Monrovia is therefore vitally important. One of the biggest projects in the development budget is the Johnson Street bridge, which along with the expansion of UN Drive, will cost around $8m. The Tubman bridge will also help to relieve congestion by making the passage easier between the main city and the port area.

The second reason for the poor quality of Liberia's roads has been overcome gradually since the establishment of a maintenance programme in 1973. The problem was, that while the road network was expanding so conspicuously during the 1960s there was no comprehensive maintenance programme initiated.

Liberia now has a special maintenance division and is training young Liberians to carry out repair work. The aim had been to complete the rehabilitation of all the paved roads by 1977. That aim proved rather too ambitious and there remains a lot of work to do. But there is ample evidence of the continuing effort—even if it is only the large clouds of dust still hanging in the air.

M.W.

Liberia's future—school children at Cape Palmas.

Slow but steady social change

THE BARRIERS between the traditional elite of Liberian society, the families which go back to resettled U.S. slaves, and the remaining 97 per cent. of the population, are slowly becoming overgrown and broken in places, like the woodwork on Monrovia's old planter-style frame houses. But like the frame houses they are well built.

The 45,000 or so descendants of Liberia's 19th-century "Pioneers" are no longer the sole claimants to influence and wealth, as they were certainly up to 20 years ago. The name "Americo-Liberian" is out of favour and it is not always possible to determine who is or who is not of that category or who is descended from whom. A new class of educated young Liberians, impatient with the country's fustier traditions, is moving back from foreign university campuses into important positions in government.

But to trace the impact of social change in Liberia is like watching the hour-hand move on a grandfather clock. The ethos of a planter society—albeit of black colonised by black—remains, and its symbols are all around. The Grand Seal of Liberia, which overhangs the entrance of the President's Executive Mansion, shows a square-rigged ship lying in a bay, the sun on the horizon, on the shore a palm tree, a spade and wheelbarrow, and underneath the device: "The love of liberty brought us here."

Values

The "we" are the free slaves who arrived from the U.S. and *Barbados after 1820, just as the* Pilgrim Fathers had arrived in the U.S. in search of political freedom two centuries before and with much the same values.

Only recently, with officially promoted campaigns for integration, have people seriously questioned whether their Constitution, which dates back to 1847, should continue to say, "We the people of the Republic of Liberia, originally the inhabitants of the United States of North America . . ." or whether a public holiday should continue to be held to commemorate Matilda Newport, who, the story goes, secured victory by the settlers over hostile natives in Monrovia when she touched off a cannon with a lighted coal from her pipe.

Attempts to integrate Liberia's tribal society began under President Tubman during the war. Tubman's Unification policy meant votes for everyone who could pay his hut tax and an end to "hinterland jurisdiction," which had meant that everything more than 40 miles from the coast was run from Monrovia as a kind of aboriginal reserve.

President Tolbert has made a far more concerted effort to break down the fences, travelling extensively in the interior, which is something none of his predecessors ever did, and taking state ceremonies out of Monrovia and into country towns.

Several Liberians of tribal origin have been given senior government posts. His vice-president, Bishop Warner, is only the second non-Americo-Liberian to hold the post and the first in 50 years. The University of Liberia, traditionally kept under a tight rein, has for the first time a tribal-origin President. The maintenance of low college fees, half funded by the Government, has reduced the pioneer families' control of university places, of which they now only fill a quarter.

If these changes seem slight, they should be set against the background of the utter backwardness in which almost all the Liberian interior has been left. Though the coastal tribes such as the Bassa and Kru have had some access to wage-earning jobs, interior tribes like the Kpelle and Gio, who far outnumber the Americo-Liberians, are cut off economicaly, educationally and socially. A traveller in Liberia, which is about as big as Ireland with half the population, would need to swot up at least ten languages in order to be sure of being understood everywhere.

Hierarchy

Some of the characteristics of the small tribal groups have rubbed off on the settler families, which have not only over the years organised themselves into a hierarchy of economic, social and political influence but have also built up their version of the tribal secret societies, based around the Masonic lodges.

The ruling class, including tribal newcomers, is Christian, in a country where Christians are probably outnumbered by Muslims and certainly by followers of spirit-cults. The Christian Church claims about 15 per cent. of the population, split among some 30 different denominations, and its influence is growing.

Business interests remain in the hands either of the elitist families or of ubiquitous Lebanese and Syrians although tribal members have penetrated into official posts. The roll call of influential names is basically the same, in business, government and the Lodges—Tubman, Tolbert, DeShields, Cooper, Henries, Pierre, Greene, Goodridge, Greaves, Richards, Phillips, Duncan, Dennis, Weeks and perhaps a couple more.

The hierarchy of power runs largely parallel to that of the Grand Orient Lodge, the Masonic headquarters which stands guard on Monrovia's highest hill, despite the recent defection of some younger members. Some see the role of the Masonic movement as declining as the barriers to entry into the inner circle go down, so the Lodge becomes less significant. Originally, the movement was only open to mulattoes, an extension of the power structure set up after the American Colonisation Society carried out its resettling experiment. Then, as the black descendants of slaves asserted their power through the True Whig Party, so they became integrated into the Lodge. In the past couple of decades, there has been some limited tribal entry into the craft.

At the same time, it is no longer indispensable to be a member in order to hold down a job. Dr. Blamo, the university President, for instance, is a non-Mason and a Catholic.

Influence

But the influence the Lodge holds in Liberia, and its financial muscle — estimated at several million dollars a year in contributions and special levies —are awe-inspiring. The Tubman era, when the legislature was packed with the President's cronies, can these days be openly criticised, as a Kru writer, Mr. Tuan Wreh, has done in a recent book which describes Tubman as a "benevolent but autocratic political mastodon," but Tubman, in the form of a statute in full craft regalia, still guards the entrance to the monolothic Lodge building.

If there is one man who makes and breaks politicians in Liberia it is Mr. McKinley DeShields, otherwise known as "uncle Mac," former Postmaster General and Secretary-General of the True Whig Party, for years the Grand Master of the Grand Orient Lodge.

A former cabinet minister described the elements of power in Liberia in these terms: "It's got nothing at all to do with the masses, and a lot to do with the club. The basis of it is the Craft. The Craft is where the club begins."

What is changing, gradually, is who can join the club. As tribal people have taken on English names and as illegitimate children of tribal mothers by Americo-Liberian fathers are recognised and allowed into the inner circle, the definition of the elite has become fudged, and it will become increasingly so. Instead, elements of a new class structure are beginning to take over, a more familiar one, between have and have-not, town and country.

D.W.

Why Labour deserves to lose the election

LABOUR deserves to lose the next general election. The reasoning behind this assertion will follow in a moment, but first let it be emphasised that it is not the same thing as suggesting that the Conservatives deserve to win. The Tory defect is fundamentally moral: the party presents itself as a tough guy when the subjects of its policies are politically weak (immigrants, the poor, young delinquents) and transforms itself into purring pussy-cat when the affected subject is strong (as with Mr. Prior's approach to the trade unions).

But this Conservative defect has been analysed fairly fully in these columns. The flaw in Labour is not so much a matter of moral attitudes — they possibly have a shade too many of them—as stagnation of thought. They have been in office for four years now, and the index of industrial production stands about where it did during the period of the miners' strike and the three-day week that saw Mr. Heath out of office. The world recession that was set off by the quintupling of the price of oil at the end of 1973 is not a sufficient excuse for such an abysmal performance; the truth is that the Government may have prevented the country from falling apart (as some feared in 1973 to 1976 that it might), but that is the sum total of its achievement.

Successes

It is worth remembering this because for some months now the Labour administration has been on the verge of winning popular approval. It has, after all, brought the rate of inflation down. To those who are not concerned about constitutional niceties, it deserves congratulations for arranging a succession of policies of wage restraint; that it did so with a mixture of guile, bullying, and a certain contempt for the meaning of words ("voluntary" incomes policy) is to many people quite forgivable. Again, the rate of increase in public spending was slowed down and for a while reversed; the quiet resumption of some of the old attitudes in recent months has hardly been noticed.

Conservative

Some people may ask what all the fuss is about. After all, Labour is now providing the kind of government that most social democrats, as opposed to socialists, say they want. If anything, it is a touch too conservative for genuine social democrats. Those who argued, during the first *half* of the Heath administration, that the Tories were too hard nosed then—and argued again, during the full flush of the last Wilson administration, that Labour was leaning too far Left—can surely have little to complain of now. Surely, it will be said, we are back on the Butskellite highway that this country really prefers?

The answer is that we may be pursuing a path of that kind, but that even if the opinion polls begin to show, as the election draws near, that large numbers of people feel more comfortable that way, the country needs something better.

That is the essence of the problem. The rather more familiar criticism, that Labour is conservative now because the Liberals and the IMF have made it so may be true, but it does not get to the roots. The Conservative cry, that after Callaghan there may be a Labour Left Prime Minister who will turn Britain socialist forever could turn out to be prophetic, but it is just a guess by an interested party, and, again, it does not get to the heart of the matter.

What is really wrong is that the Labour Party, which Sir Harold Wilson characterised as the natural governing party, has failed to provide the ideas and dynamism necessary to rescue our economy and revitalise our society. It has long been evident that Britain needs a revolution before *it* can be put right again, but this supposedly radical party is no nearer to the true revolution that is required than the Liberal Party is to power.

For example, it is plain that whatever the merits of the nationalisation of particular industries may be, the classic form of public ownership is now out of date, a proven disaster. A reforming Labour Government (never mind about revolution) might try a host of experiments—extension of the B.P. model, a mechanism for protecting the boards from Ministerial or Civil Service interference, a breakdown of loss-making groups (Steel, Railways, British Leyland) into smaller, completely separate units. In fact it has half-toyed with some of these possibilities, most recently at Leyland.

Secrecy

Again, a truly enlightened Labour administration might be expected to extend the area of freedom of information. Of all the Ministers in the present Government, Mr. Anthony Wedgwood Benn stands out as the one who has done most to foster public debate about important issues, both through the party mechanism and his own Ministry. For the rest, the lead given from Downing Street seems to indicate a predilection for Government secrecy that is positively anachronistic—whether it be on the nuclear power debate, the Crown Agents, or plans for British Steel.

It would perhaps be too much to expect a party whose ideology is founded on a belief in the benevolence of the State to do much to diminish the bureaucracy, but here again, the least that could be expected is an attempt to make civil servants more accountable to both Parliament and the *public*. Mr. Callaghan has in fact done something to trim their numbers, but one of the urgent needs of the day—to overthrow the Civil Service—has apparently not even been considered.

Hold on there a minute, some might say—do I really mean "revolution" and "overthrow the Civil Service?" The answer is "yes." Taking people to the guillotine is out of date and terribly messy; one is naturally not advocating anything of that kind. But the only way to free this country from the stultifying effect of administration by a civil service whose prime consideration often seems to be the preservation of its own cosseted skin is the kind of harsh action that leaves some civil servants *worse off*—with less power, or less income, or no government job at all. Our Labour Government, tribune of the people, has shrunk from this necessary task —or, to be more accurate, it has seen no harm in extending and protecting the power of the bureaucracy over both individuals and groups in our society.

Thus officials tell companies how much they can pay their *staff* (if the company is not too large or important to some other official). Tax inspectors are given greater powers. The *self-employed* are regimented. At the very top the ability of Ministers to outmanoeuvre their departments is visibly decreasing. And the Labour Government does not appear to have a single thought about how to reverse this trend.

It is true that in the area of social policy the Government has turned away from madness —but towards what? Economic circumstance has obliged it to stop building council houses at a pace that would have guaranteed unusable surpluses before 1980; political convenience has led it to make the most popular noises about private home ownership. But there is little even-handedness, even in the policy of moving council rents to an economic level.

Again, in education the Callaghan administration did respond to the great wave of feeling against unstructured teaching in oversized schools, and it did set Mrs. Shirley Williams off on her "Great Debate." But the scurry round many classrooms for good reading primers and mathematics times-tables would arguably have been forthcoming without the debate. In any event all we have really had on education is a mild reaction, not a radical change of direction towards formality and quality of the kind that is required. A revolution would have thrown the more cotton-headed of the "progressive" teachers out of the schools; the actual achievement of the "Great Debate" is far more limited than that.

Overhaul

Or take health and social security. The National Health Service has a Royal Commission looking into it, so it could be reasonable to await its report. The Supplementary Benefits system is the subject of another study: it is fair enough to wait for that. But the social security system as a whole—the principal legislative achievement of the post-war Labour Government—is now in need of a thorough overhaul, as most people will acknowledge. Yet what fresh thinking about the Welfare State is forthcoming from the present Government? What convincing ideas are they producing for sweeping back the spider's web of taxation and social security that not only make a poverty trap, but a trap in which our entire economy is stuck?

Damaging

Most damagingly of all, Labour has failed to reform the trade unions, or the laws governing them. It is true that it has managed to win their acceptance of wage restraint and their acquiescence in the continuation of a level of unemployment that a Tory Government would hardly dare to contemplate. But these are purely negative achievements, bought at a vast cost in terms of the erosion of the liberty of the individual worker (the closed shop) and damage to industry. A smart Labour administration would understand the need for much more than a "social contract," that keeps the peace and has kept the Tories out of office; what is really required is a restructuring of our society's relations with the trade unions to which so many millions of us belong.

Is all this too much to ask? Yes it is, if one is speaking of tired politicians with little thought but of office. It would not be if the Labour Party regained its early radical fervour and intellectual bite. The absence of such qualities makes them mere seekers after power. Like the Tories, they do not deserve it.

Joe Rogaly

Terry Kirk

Mr. Callaghan plants a tree and wins popular approval. But "the flaw in Labour is . . . stagnation of thought."

Letters to the Editor

Purchasing new plant

From Mr. A. Sealey.

Sir,—As a skilled engineering worker I am employed as a turner and have become increasingly annoyed at the criticisms of poor productivity per capita for investment in new plant.

I firmly believe that the problem is not so much a lack of investment, but the misguided appliance of precious capital when new plant is purchased. By this I mean that, for example, when a new machine tool is purchased, although up-to-date in terms of technology, it may be totally inadequate for the type of work it is expected to do. I have seen examples of this when a machine tool is commissioned for specific work without constructive prior consultation with the people best equipped with the know-how, that is, the operators, on its capabilities, only to find that productivity is not improved but in some cases decreased to what it was with the previous machine which could be up to 20 years old.

We hear so much about inter-management/shop floor consultations to-day but surely it could be that there is a breakdown in communication at the most focal point of production, that is to say, the actual machinery of production. If this situation is reflected throughout industry, coupled with near negative differentials between skilled, semi-skilled and unskilled labour, then it is small wonder that fingers are pointed in unison at dwindling productivity in spite of new investment. Give industry the modern plant it indisputably needs but also let the people with the invaluable experience of production select the tools, namely the shop floor.

A. D. Sealey.
28, Gay Street, Bath.

Mortgage lending

From the Chairman, Prowting Holdings.

Sir,—In a typical example of political dogma, to say nothing of electioneering, the Government has decided to treat the mortgage tail instead of the head, despite the repeated warnings of many experts who have more in their head than the doctor himself. In my own humble opinion, and I am sure in the opinion of many others who feel equally humble in the circumstances, the latest move to try and curtail the natural forces of supply and demand will, in fact, only serve to aggravate rather than cure.

The various ingredients this time are different in measure to those that existed six years ago and the majority of experts on the subject are in no doubt that the lack of an adequate supply of building land in the right places in the right hands is the main ingredient which is missing this time round. But then, the Government cannot build houses because it doesn't have the money—and, as is so typical of the age in which we live, an attempt must be made to contain the lowest denominator without proper consideration of the side effects that may result.

Is this really a Government that worries about first time buyers? It could have fooled me, but one perhaps should not expect too much from politicians who cannot see further than the end of their tail.

P. B. Prowting.
Bury Street,
Ruislip, Middx.

The price of tea

From Professor D. Hague

Sir,—As a member of the Price Commission, I find it astonishing that Professor Myddelton (March 1) does not acknowledge that the market system (which I also support) can be relied upon to work efficiently only where it is competitive. Had there been true competition between the tea blenders, the Commission would have been relieved of the need to identify the "correct" price for tea. The market would have done so. Where the competitive process is defective, as it is in the highly concentrated tea blending trade, the consumer needs protection.

I agree with Professor Myddelton that prices should be set by looking forward rather than backward. Had the tea blenders done this consistently and reasonably, there would have been no cause for concern. The Commission's complaint was that the blenders jobbed between historic and replacement tea costs. After the big upsurge in world tea prices, they moved from basing prices on historic costs towards replacement costs. When world prices fell they moved back to historic cost. The blenders chose freely to set their prices in relation to cost. All the Commission did was to ask that they should do so consistently and not to operate on a "heads I win, tails you lose" basis.

D. C. Hague.
Manchester Business School,
University of Manchester.
Booth Street West,
Manchester.

Attacking the police

From Sir Oswald Mosley.

Sir,—I do not usually reply to mis-statements concerning the movement I founded, because the true facts are within the recollection of many people. A suggestion in your columns of March 3 however, is too serious to pass. I know of no case on record in which any of our members attacked the police. Such conduct was forbidden to them on pain of expulsion, and in any case would not have occurred to them.

It is of course true that free speech was denied to us for years through the continuous refusal of halls for meetings by local Labour majorities and frequent banning of our open-air demonstrations by both Labour and Conservative governments. TV has now rendered previous methods of propaganda obsolete and should be available to any who are of public interest, whatever their opinion.

Oswald Mosley,
1 Rue des Lacs,
Orsay 91400, France.

Doling out the money

From Mr. R. Asplin.

Sir,—I understand that where an employer holds back a week's pay at the commencement of an employee's employment the employee can on production of a letter from his employer obtain benefits from the Department of Health and Social Security. At the termination of the employment there is no requirement that the money be repaid.

I am reliably informed that some people are only staying in a job for a couple of weeks when they then move on to another employer who also keeps a week's money in hand so they can receive two week's pay from their employer and one week's benefit from the state for every two weeks' work. It appears that this can be done quite openly and is within the law.

As a tax payer I think that these payments should not be made by the state but if it is thought expedient that they should be made to ease the financial position of someone who might not otherwise be able to afford to become employed then surely the payments should be recovered if his employment is terminated within a relatively short period.

R. T. Asplin.
Charvells, Thorndon Park,
Brentwood, Essex.

Alternatives to the car

From Mr. A. Dalgleish

Sir,—Richard Hope Editor of Modern Railways—in his letter (March 2) fails to mention that detailed studies for the U.S. Department of Transportation have demonstrated that express bus transit uses only one third the energy needed by metros and also provides a quicker service. There are far more efficient alternatives to the low-occupancy private car than high-cost metros.

Angus Dalgleish.
Shouson Hill, Ruxbury Road,
Chertsey.

City pass rates

From Mr. J. D. Lloyd.

Sir,—I see that Observer (Men and Matters, March 3) thinks that investors could have cause to worry at the 33 per cent. pass rate in the Technique of Investment paper in the most recent Stock Exchange examination.

On the contrary, they should be heartened by the realisation that The Stock Exchange maintains high standards in its examinations, and that those who pass the examinations and become members have had to demonstrate a proper degree of knowledge to the examiners. Incidentally, if Observer looked at recent pass rates of the Institute of Chartered Accountants and Institute of Bankers he would find figures of a similar order.

As chairman of the committee which is responsible for the examinations, and as one of the dogged—if diminishing—section of the nation which still reads Observer, I invite Observer to sit the Technique of Investment paper. As an FT journalist he would surely claim to have some knowledge of the techniques of investment. I give warning, however, that if he proves to be "too dim" then I may have to stop reading him.

David Lloyd.
Council Room,
The Stock Exchange, E.C.2.

Index-linked pensions

From Mr. D. Gilley.

Sir,—In an era of rising rates of interest and inflation, the size of a salary-related pension rises and the cost of each £1 per annum reduces. Even if the reduction in cost per £1 were sufficient to offset the cost of the increase in pension size, it could hardly be said that the cost of adding a further benefit to a pension scheme—such as post-retirement indexation — was therefore reduced. By any reckoning, in current conditions indexation adds more than 1½ per cent. of payroll to the costs of any employer with a respectable pension scheme.

Now, if I have understood Press reports correctly, it is being claimed that 1¼ per cent. of salary represents a fair assessment of that part of the cost of indexation which ought to be taken into account in any comparison of overall terms of service of civil servants with those of people in comparable employment in the private sector, the inference being that most of those people have indexed pensions to look forward to. The 1977 survey of occupational pension schemes conducted by the National Association of Pension Funds, covered 881 pension schemes with a total active membership of 3.2m. Only 6 per cent. of those schemes are reported as giving automatic pension increases matching the rise in the retail price index; 29 per cent. gave smaller automatic increases; 44 per cent. gave non-automatic increases and 21 per cent. gave no increases at all. Unfortunately, the figures do not disclose what proportion of the 6 per cent. of schemes promising full indexation are in the private sector. Experience suggests that most, if not all of the schemes that do so are in the public sector. Public sector schemes in fact accounted for 17½ per cent. of the total of 881 schemes in the survey. With whom then in the private sector are the civil servants being compared?

It is all very well for an employer to promise the sun, moon and stars to his employees if he can fall back on the taxpayer to foot the bill or if he has a monopoly pricing position. But if he operates in that part of the economy which has to compete for its profit, he is unwise to promise gifts which he may not be able to afford.

Control of inflation is the responsibility of Governments. Is it then desirable that Government's servants should be substantially immunised from the adverse consequences of a failure to control it, at the expense of those who because of those consequences cannot be given such protection or find it for themselves? It is easy enough to make estimates of the cost of indexation but the estimates are no better than the assumption on which they are based. If in a year the cost of living rises 25 per cent., all subsequent payments of an individual's index-linked pension will be 25 per cent. bigger than they would otherwise have been whatever a previous estimate may have suggested.

If all pensioners had index-linked pensions, what would happen to the standard of living of the non-insured population and what would be the political, economic and fiscal consequences? If the experts say that indexation of pensions is no more valuable than 1¼ per cent. of salaries, we should give the civil servants a pay increase of that amount and cancel the indexation commitment.

D. F. Gilley.
Borrowdale,
Deepdene Drive, Dorking, Surrey.

Balancing forces

From Mrs. E. Young.

Sir,—Mr. Chernousov, of Moscow, asks (March 1) why Nato does not accept Soviet proposals for a no-first-use-of-nuclear-weapons declaration in Europe. The reason is the same as that for which the Soviet Union has not reciprocated the Chinese Government's unilateral no-first-use declaration: just as we in Western Europe see our nuclear weapons balancing Soviet conventional forces, so presumably does the Soviet Government see its nuclear weapons balancing Chinese conventional forces.

Elizabeth Young.
100, Bayswater Road, W.2.

To-day's Events

GENERAL

EEC Foreign Ministers meet, Brussels.

EEC Agriculture Ministers end two-day meeting, Brussels.

President Tito of Yugoslavia begins two-day visit to Washington.

National convention of British Institute of Management, Wembley Conference Centre. Speakers include Mr. Peter Parker, chairman, British Rail; Mr. Terry Beckett, chairman, Ford Motor Company; Mr. G. T. Holdsworth, managing director, Guest Keen and Nettlefolds; and Mr. L. J. Tolley, chairman, Renold, who is also a BIM vice-chairman.

British truck industry representatives meet EEC officials and European manufacturers in Brussels to discuss EEC suggestion that maximum British lorry weights be raised.

National steel union officials, led by Mr. William Sirs, general secretary, Iron and Steel Trades Confederation, visit British Steel Corporation works at East Moor, Cardiff, where negotiations for voluntary redundancies are at an advanced stage.

Mr. Brian Talboys, New Zealand deputy Prime Minister, arrives in London from Brussels for talks on EEC plans to include trade in mutton and lamb within Common Agricultural Policy.

Daily Mail Ideal Home Exhibition opens, Olympia (until April 1).

PARLIAMENTARY BUSINESS

House of Commons: Wales Bill, committee.

House of Lords: Refuse Disposal (Amenity) Bill, third reading. European Assembly Elections Bill, second reading.

Select Committee: Nationalised Industries (sub-committee A). Subject: British Railways Board report and accounts. Witnesses: British Railways Board (4 p.m., Room 8).

OFFICIAL STATISTICS

U.K. banks' eligible liabilities, reserve assets, reserve ratios and special deposits; and London clearing banks' monthly statement (mid-February).

COMPANY RESULTS

BSR (full-year). Inveresk Group (full-year). Provident Financial (full-year). Unilever (full-year).

COMPANY MEETINGS

Claverhouse Investment Trust, 3, Crosby Square, E.C., 12.30. Lonrho, Grosvenor House, W., 12. Plastic Constructions, Abercorn Rooms, E.C., 12. Record Ridgway, Sheffield, 12.30. Winterbottom Trust, Great Eastern Hotel, E.C., 11.

COMPANY NEWS + COMMENT

Parker Knoll slumps £0.42m. midyear

AFTER EXCEPTIONAL expenses this time of £200,000, taxable earnings of Parker Knoll for the half year to January 31, 1978, slumped from £1.05m. to £629,000, while sales advanced by £1.01m. to £9.32m.

The exceptional expense related to consultancy fees and allied costs incurred in the installation of improved production control systems within the furniture division. The aim is to improve efficiency and increase capacity.

The balance of the cost to arise before the end of 1977-78 will not exceed £20,000.

Trading profit was down 21 per cent. at £829,000 but he is confident that the company is better equipped to take every advantage of the increase in demand which it is now beginning to see. Barring unforeseen circumstances second-half profit should exceed the level of the first six months but the chairman does not expect to be able to recoup the overall shortfall.

For the whole of 1976-77 the group reported a record surplus of £2.27m.

The net interim dividend is raised *to 0.975p (0.873p) per 25p* share. Last year's final was 2.353p.

A sharp rise in orders has been seen by the furniture division since early January. The order book is now at a higher level than this time last year, production is being increased, and margins remain intact.

	Half-year 1977-78 £000	Half-year 1976-77 £000	Year 1976/77 £000
Group sales	9,316	8,305	17,299
Trading profit*	829	1,048	2,369
Except. expense	200	—	—
Pre-tax profit	629	1,065	2,264
Tax	327	543	1,110
Net profit	302	522	1,138

* After depreciation of £157,000 (£101,000).

● comment

The U.K. slump in furniture sales caught-up with Parker Knoll in the first-half and group trading profits fell 21 per cent. (pre-tax profits after exceptional costs were 40 per cent. down). Group furniture volume fell by 6 per cent. during the period compared with an industry-figure of around 7½ per cent. At the same time the fabric division came under increased pressure as home sales *dipped slightly, while export* earnings (almost a third of fabric sales) were hit by exchange rate movements. Losses from the small carpets division also increased while lower interest rates hit investment income. Second half prospects look a little brighter and a sharp return in furniture orders in January (February orders were also higher than a year ago) should work through to deliveries by the final quarter but *the group is not* expecting any major recovery until the autumn—depending upon how much of a fillip is given to consumer (and local and national government) spending by the forthcoming budget. Full year pre-tax profits, therefore, may be around £1.5m. (£2.3m.). The exceptional item relates to the cost of an efficiency drive in the furniture division which should increase capacity by 15 per cent. The shares fell 4p to 103p yesterday for a prospective p/e of 6.4. The yield on a maximum dividend increase, under current restraint legislation, is 3.3 per cent.

HIGHLIGHTS

Profits at **Fisons** are over 17 per cent. higher but the bulk of *this reflects the Gallenkamp acquisition although fertiliser* profits recovered strongly after the first-half setback. Lex also discusses the inflation accounting adjustments proposed in the **Lloyds Bank** annual report. Also covered in the column is the background to the decision to abandon the proposed Bisgood/Smith Bros. merger proposals. Elsewhere, Parker Knoll has suffered in the furniture slump but Neil and Spencer has shown further strong recovery.

Victor Products progress

LIGHT ENGINEERS Victor Products (Wallsend) reports a £111,617 increase in profits to £482,660 for the half year ended October 31, 1977. Turnover rose £513,958 to £3,442,698.

After tax of £250,983 (£192,942) net profit came out at £231,677, against £178,101, for earnings of 6.06p (4.66p) per 25p share.

The interim dividend is raised *from 1.191p to 1.33p net — total* for 1976-77 was 3.027p paid from profits of £850,000.

Group activities include safety equipment for the oil, petrochemical and coal mining industries, and control gear for fluorescent and discharge lighting.

Beradin Rubber dividend

The directors of **Beradin** Rubber Estates state that audited returns from *Malaysia are later* than customary and it will not be practical to complete accounts in time to decide on and pay a final dividend in respect of the year to September 30, 1977, before March 31 (the normal pay date).

It has therefore been decided to declare a second interim of 1.3p net. A 0.5p interim has already been paid.

If any final dividend is considered to be warranted it will be considered when the accounts are completed.

Growth bond from FS Assurance

The Glasgow based mutual life company FS Assurance has launched its first Growth Bond, offering a guaranteed return of 7.5 per cent. net of basic rate tax over three, four or five years. The contract is a single premium endowment assurance with guaranteed compound reversionary bonuses to provide the growth.

On the death of the investor to the end of the period, the original investment together with all attaching bonuses would be paid, but the amount paid on early cash-in would depend on investment conditions at the time and the return is not guaranteed.

Investment can be made in multiples of £100 from a minimum of £1,000 to a maximum of £50,000 and the maximum entry age is under 80. The growth on the bonds is free of basic rate tax, but there would be a liability to higher rate tax.

Mercantile Investment improves

REVENUE of Mercantile Investment Trust for the year to January 31, 1978, advanced from £1.47m. to £2.2m., after tax of £1.2m. (£871,000).

Asset value per 25p share at year end was better at 49p (41.5p) with prior charges at *redemption value, or 53p (45.5p)* with prior charges at market value.

The net total dividend is stepped up to 1.25p (0.95p) with a final of 0.9p.

Yeoman Invs. dividend prospects

The directors of Yeoman Investment Trust are confident that the increased dividend, raised from 6.5p to 7.39p net in 1977, will at least be maintained for the current year, says Mr. Desmond A. Reid, chairman.

As already reported, taxable profits for the year under review rose from £639,528 to £737,065.

Over the year the London stock market showed a significant improvement and this is reflected in a 32 per cent. rise in the trust's net asset value from 174p to 229p, points out Mr. Reid.

A statement of source and application of funds shows a decrease in liquidity of £45,488 (£63,697 increase).

The distribution of investments based on valuation at December 31, 1977, was: U.K. 83.6 (70.87) per cent.; U.S. 7.28 (13.21) per cent.; Canada 1.62 (2.89) per cent.; South Africa 3.68 (3.94) per cent.; Europe 1.23 (2.87) per cent.; International portfolio investment funds 3.28 (5.24) per cent.; others 0.3 (0.98) per cent.

The AGM of the company will be held at 8, Waterloo Place, S.W., on March 29, at 3 p.m.

Neil & Spencer upsurge

A JUMP in pre-tax profits of £298,000 to a £716,000 is reported by Neil and Spencer for the year to November 30, 1977. This follows a rise from £129,000 to £281,000 at the interim stage, and represents more than a full recovery to the previous record of £678,000 in 1972-73.

Sales for the 12 months finished £2.22m. ahead at £10.01m. Tax took £318,000 (£27,000), for stated earnings of 14.5p (14.2p) per 10p share. The final dividend payment is 1.184p net for a 1.9985p *(1.7875p) total.*

The directors report that the improving trend in the company's affairs has been maintained. The order book is satisfactory and present indications for the current year are encouraging.

In December, 1977, the company acquired the laundry machinery interests of Baker Perkins Holdings and good progress is being made in integrating these within existing activities.

The company operates as manufacturers, sellers and servicers of dry cleaning and laundry machinery.

	1976-77 £000	1975-76 £000
Sales	10,009	7,792
Trading profit	771	462
Loan stock interest	54	37
Exceptional item	—	12
Profit before tax	716	[illegible]
Tax	318	[illegible]
Net profit	398	[illegible]
Extraordinary item†	10	[illegible]
Available	408	[illegible]
Dividends	54	40

* As future trading requirements are not expected to result in a diminution of the volume or rate of stocks and in consequence deferred taxation for stock appreciation is no longer provided. The effect of this change of accounting policy has been treated for these results as a prior year adjustment and the comparative figures for 1976 have accordingly been restated. † Surplus on purchase and cancellation of Loan stock.

● comment

The strong recovery shown by Neil and Spencer since the 1973-1974 setback has been taken one stage further with a 66 per cent. rise to record profits. Demand for laundry and to a lesser extent dry cleaning equipment has been strong reflecting the growth of the cleaning companies in the industrial clothing rental market. With the supply of working clothes becoming a regular feature of labour agreements these days Neil and Spencer's present product range should continue to prosper. Sales are currently running about 25 per cent. ahead but margins could suffer slightly given that about 10 per cent. of sales are invoiced in dollars. A 3.6 p/e at 72p is hardly a growth rating although a 4.2 per cent. yield (admittedly covered over seven times) could prove something of an inhibiting factor.

Freddie Mansfield

Sir David Orr, chairman of Unilever, who is due to-day to announce the group results for 1977.

Abel Morrall	1.84	—	1.65	2.42	2.17
Beradin Rubber ...2nd int	1.5	March 31	nil	—	1.01
Edinburgh Inv. ...2nd int.	3.55	May 1	3.1	6.75	5.55
Fisons	7.35	July 3	6.71	12.55	11.52
Mercantile Inv.	0.9	April 26	0.65	1.25	0.95
Neil and Spencer	1.18	May 4	1.14	2	1.79
Parker Knoll ...int.	0.98	—	0.87	—	3.22
Scottish Eastern Inv.	2.8	May 1	2.5	4.05	3.5
Small and Tidmas ...int.	1	April 4	1	—	2
Victor Products ...int.	1.33	April 10	1.19	—	3.03

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Aids to small businesses

The death or premature retirement of a key individual or partner can involve small business in considerable financial loss. Yet all too often these type of financial risks tend to get overlooked or even neglected. Equity and Law Life Assurance Society has produced three new leaflets setting out the type of risks involved and explaining how life assurance can largely nullify the financial consequences of a death or early retirement.

One leaflet deals specifically with the problems in the event of the loss of a key man with essential skills or knowledge. Another outlines the financial arrangements which can be set up to ensure the continuation of the business in the event of the death or retirement of a partner or director. The third covers the general field.

To solve some of these financial problems, Equity and Law has introduced the Extraconvertible Term Assurance. This contract provides high life cover over five or 10 years—the minimum sum assured is £50,000—for relatively small cost and contains both an extension option whereby further similar contracts can be taken out or a conversion option into various other types of life assurance. For example, the cost of death cover over five years of £100,000 for a man aged 44 would be £383.99 per annum.

SCOTTISH UTD.

Despite the standstill in net asset values in 1977 Mr. R. C. Smith, chairman of Scottish United Investment says that he still holds to the view that the real worth of overseas investments in terms of present and future earnings potential will again, in 1978 or 1979, be reflected in their market valuation.

With gross revenue up and interest charges down net revenue available for Ordinary holders in 1977 at £1.48m. shows an increase of 23.6 per cent. The dividend is stepped up from 1.7p to 2p and a one-for-four scrip issue is also proposed.

The need for profit —Lloyds chief

THE NEED for profit in banking and in industry is stressed by Sir Jeremy Morse in his first annual statement as chairman of Lloyds Bank.

He comments: "without adequate real profits, retained in the business or used to attract and service additional capital, we could not grow and help others to grow, because we would not have the free capital to support more lending to industry, to private people and to governments."

The bank has already reported a rise of 12.5 per cent. in its pre-tax profits from £147.7m. to £166.2m. for 1977. The accounts show, however, that the figures were substantially lower after making an adjustment for the impact of inflation.

Figures prepared on a current cost basis indicate that last year a total of £47m. was required to maintain the bank's free capital in real terms, and with other adjustments this brought the pre-tax total down to £104.3m. compared with £91.5m. in the previous year.

The effect of inflation in undermining the bank's free capital ratio is highlighted by the chairman in his comments. He points out that banks are essentially the same as industrial companies in needing to make profits. Free capital is required, he says, to support the risks inherent in lending, and at Lloyds it was 3.2 per cent. of deposits at the end of 1977.

He expresses the hope that an acceptable form of inflation accounting will soon be agreed and, even more important, adopted by the Inland Revenue, "so that our free capital ratio may no longer be whittled away by taxes on illusory profits."

Turning to the question of the size of bank profits, Sir Jeremy argues that they are not excessive. He points out that profits retained in 1977 totalled £83m.; this went to swell the free capital "which now has to support total assets of £13.53bn."

Seen in this way, he argues, two simple measures suggest that profits are not excessive. First, over the eight years 1969-76 the average pre-tax return on shareholders' funds in large industrial and commercial companies was about 18.5 per cent.; Lloyds' was 20 per cent.

Secondly, the group's deposits have risen by 185 per cent. in the past five years, much of the growth reflecting inflation, and simply to maintain the free capital ratio would have required retained profits of £255m. against the actual figure of £230m.

Sir Jeremy then turns to the question of whether the banks "earn" their profits. He maintains that the figures should be looked at over a period of time, so that the benefit of periods of high interest rates is evened out with those in which rates are low.

"I would emphatically reject the suggestion that our profits are not truly earned," the chairman says. Commenting on the past year's results, *he says* that they were not easily achieved in a year of disappointing growth in world trade and of barely perceptible recovery in the U.K. and other major countries.

The bank had the money to lend to customers, but industry in particular had not had much need to take it up. Competition intensified: international banks were cutting their margins to get lending; and in Britain financial institutions with tax advantages such as building societies and National Savings, further increased their share of the total retail deposit market.

Sir Jeremy also points out that interest rates are now generally low around the world, particularly in relation to rates of inflation, "and may well remain so for a period."

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Morrall's second half decline

MAKERS OF needles and general smallware Abel Morrall slipped in the second half of 1977. After a rise of £73,000 at half way, the full year profit shows only an increase of £36,000 to £710,000.

The year's sales showed an advance of £1.63m. to £7.34m.

After tax of £327,000 (£369,000) net profit was up from £305,000 to £383,000, for earnings of 7.34p (5.72p) per 25p share.

The final dividend is 1.848p for a net total of 2.419p, against 2.166p.

49 companies wound-up

Orders for the compulsory winding up of 49 companies were made by Mr. Justice Slade in the High Court yesterday. They were:

G. and R. Gilbert, Osbaldeston Taxicabs, Birloyd, L. and C. Modes *Fashion Centre*, Macnamaras Construction (Harold Hill), Manley Security Systems, Trendshourne, Saunton Securities.

Scandinavian Express (Southern), Kings Court (Regents Park), Southern Approaches, All-day Building Maintenance (London), Apple Staff Bureau, Avon Entertainments, Karedge.

MD Citroen (Diamonds), Perigan Trade International, R. Keaveney and Co., Russell Brown, Security Management International, Silverdale Securities, SS Sound and Styles, Tal Leisure, Saga Film Distributors, Gradinhill Structures, Anglands.

Grant and Smith (Northern), Torbay Apollo Electronic Systems, Penny Black Studios, Cargoes Ca Gas, Yorkglade, Roger Felber and Co., K and M Conversions, M. and W. Heating and Ventilating Engineers, JBT (Menswear).

Nosfield, Gearworth, Chave (English and French Modes), Peachton, Starmagem, Chelsea Nurseries, Solarcrest, A. J. O'Brien Wholesale Food Products, Crown Point Investments.

Kerrigan Construction, Kilimanjaro Art Trading Company, Fittleworth, Mini Move Transport, and J. J. Honey.

Compulsory winding up orders made against Hendshire Transport on February 20 and against Carolock on February 27 were rescinded. Both petitions were dismissed after payment of the debts and costs.

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Fertiliser recovery lifts Fisons to £21.25m.

WITH SECOND HALF profits showing an increase from £7.81m. to £12.47m., Fisons has more than recovered its first half shortfall and reports a pre-tax total ahead from £18.13m. to £21.25m. for 1977.

The reduction in the first half result mainly reflected a drop from £4m. to £201,000 in the pre-interest profit in the fertiliser division. This side was expected to improve in the second half and in the event has recovered strongly ending up with a full year figure only 5.5 per cent. lower at £3.87m.

The directors explain that trading conditions were difficult largely due to the low market prices prevailing earlier in the year. The prospect of price increases on January 1, 1978, stimulated demand towards the end of 1977, while the two price increases announced earlier, relieved pressure on margins. The directors stress, however, that the results do not reflect a complete solution of the underlying ammonia problem.

Reflecting the inclusion of £2.3m. in respect of Gallenkamp in the second half, profits of the scientific instrument division showed an increase from £1.44m. to £3.61m. Without the addition of Gallenkamp no growth in earnings occurred, due mainly to severe cutbacks in public expenditure in the U.K., particularly affecting the MSE centrifuge business.

Major profit earner

The divisions sales rose by 21 per cent., excluding Gallenkamp, and the Haake companies in Germany and the U.S. registered a 78.8 per cent. growth in earnings.

The directors point out that Gallenkamp's performance suffered in comparison with the second half of 1976 being 8 per cent. down due to the non-repeat of a major export order in the previous year.

The addition of Gallenkamp establishes the division as a major profit earner and the results demonstrate further progress towards a balance between research intensive and non-research based activities.

On the pharmaceutical side volume growth of 5 per cent. in the U.K. and 16 per cent. overseas was largely offset by the adverse effects of strong sterling. In general some growth occurred in 1977, with sales up 8.6 per cent. at £56m. and profits 5.8 per cent. ahead at £10.72m. despite few opportunities to offset cost inflation by price increases. Research and development expenditure increased by 36 per cent. to £6.05m.

The horticulture division's first year of separate operations was a very difficult one, with an exceptionally bad U.K. summer and a Price Commission investigation in the last quarter. Despite this, sales rose by 32 per cent. to £17m. and profits increased by 20 per cent. to £911,000.

Profits in the agrochemical division at £4.77m. were 10 per cent. below 1976. Sales rose by 10.7 per cent. with the overseas content showing a rise of 12 per cent. Major currency gains in 1976 were not repeated in 1977, the directors state.

Total group sales for the year advanced from £254.7m. to £293.4m. Of this overseas sales were a record £121m., a growth of 13.8 per cent. over 1976.

The year's profit was also a record but the return on capital at 13.2 per cent. is down from 14.4 per cent. in 1976; earnings per £1 share are shown to be lower at 50.2p against 50.9p adjusted on a comparable basis for a change in tax treatment.

The dividend total is raised by the maximum permitted—from 11.5115p to 12.846p net, with a final of 7.346p.

	1977 £000	1976 £000
External turnover	293,374	254,699
Fisons group	275,659	242,821
Associates	17,715	11,878
Trading profit	23,073	21,416
Share of Associates	987	534
Net investment income	†77	†868
Debenture & loan int.	2,590	2,958
Profit before tax	21,247	18,126
Taxation	3,974	2,837
Minorities	31	8
Net profit	17,242	15,281
Exchange loss	554	142
Extraordinary items	400	61
Pre-acquisition profit	472	—
Attributable	16,715	15,078
Interim dividend	2,040	1,508
Proposed final	2,738	2,112

† Short term interest less investment income.

Overall rate of tax for year is 18.7 per cent. (restated 15.7 per cent.) based on assumed 52 per cent. tax rates. Lower effective rate is due to adoption of ED-19. The 1976 figure has been restated on a similar basis.

Due to erratic short-term fluctuations in foreign exchange rates, it has been decided for consolidation purposes to calculate the earnings of foreign subsidiaries at the average exchange rates prevailing during 1977, rather than at the closing rate on December 31 as has been the practice in previous years. Comparative figures for 1976 have been recalculated on a similar basis.

Commenting on the agrochemical result the directors explain that in the U.K. the Spring season weather pattern was to the disadvantage of the product range, but the position in established markets was well maintained and the commercial introduction of new products Focal and Titan successfully achieved.

The newer products, Nortron and Ficam, continued to grow in all major markets although registration delays are still hampering Nortron in the U.S. As a result of these delays sales expected in 1977 did not materialise, they point out.

Intal progress

A policy decision to increase substantially the level of Research and Development at Chesterford Park led to a major extension of laboratory facilities, now in course of construction at a cost of £4.5m., and an additional £1m. revenue expenditure (50 per cent. above 1976) which had a direct impact on profitability in 1977.

On the pharmaceutical side Intal continued to make good progress both at home and abroad; disengagement from the Syntex agreement in the U.S. added to costs in 1977 but permits re-organisation of Fisons efforts there. A new SCG product, Nalcrom, for treatment of gastric complaints was launched successfully in the U.K., and a new proprietary brand of toiletry, Rosken's Hand Conditioner, was also introduced into the home market.

Overseas, sales in Japan, Holland and Scandinavia again showed excellent growth, while reorganisation in France brought positive gains, the directors report.

In August a Eurodollar issue raised $20m. to finance expansion overseas, and in October a further £10m. was raised through the Eurosterling market for 10 years, replacing some short-term financing.

There was an increase in worldwide borrowings during the year of £10m., of which £8.9m. was due to the use of cash in part-payment of the Gallenkamp acquisition.

See Lex

Assoc. Sprayers better outlook

FURTHER top management changes are to be made at Associated Sprayers, Mr. H. E. Newton-Mason, the chairman, says in his annual statement, and he is certain that the company will now move to better times.

Given reasonable trading conditions profits in the current year will show improvement following the slump in taxable earnings from £0.26m. to £0.14m. for the year to August 31, 1977. More cuts in operating costs have been made and product ranges have been rationalised, he points out.

As reported on January 21 group sales advanced to £6.06m. (£5.83m.) for 1976/77. Again no dividend is to be paid.

Working capital at year end was up £282,911 (£111,118) and bank overdrafts stood higher at £865,216 (£716,643). Capital spending contracts amounted to £53,000 (£16,000), and compensation to a director for loss of office amounted to £17,550 (£14,000).

In a letter accompanying the accounts Mr. Richard Beney, chairman of White Child and Beney and now managing director and deputy chairman of Associated Sprayers, comments that Mr. Newton-Mason, founder of the company and its largest shareholder, felt the need to spread his burden of responsibility and he invited Mr. Beney to join the Board, the letter explains.

Following takeover of WCB by Arthur Guinness Son and Co. in March last year, Mr. Beney's role there as chairman and chief executive has been much reduced. He has taken up his additional appointments with Board approval at WCB, and with an appropriate cut in remuneration which in 1976-77 totalled £38,180 gross.

By acquiring 391,875 shares Mr. Beney has become the second largest director shareholder next to Mr. Newton-Mason who had reduced his holding by February 8 from 758,524 to 658,524. In addition, following transactions between Mr. Beney and the chairman, Mr. Beney has conditionally agreed to buy 200,000 shares and has been granted an option on a further 300,000 which would bring his interest up to 20.58 per cent. Mrs. P. Newton-Mason holds 303,742 shares.

Major holders outside the Board are ICFC and its associates with 618,707 (17 per cent.), Mr. R. Gross with 285,471 (8 per cent.) and Mr. N. H. Newton-Mason with 205,255 (6 per cent.).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Ayer Hitam Tin Dredging, Elder Smith Goldsbrough Mort, Malayan Tin Dredging, Sandhurst Marketing, Staffordshire Potteries, Tronoh Mines Malaysia Berhad.

Finals—BSR, J. Bibby, De Beers Consolidated Mines, De Beers Industrial Corporation, Greenfield Milletts, Inveresk, Robert Kitchen Taylor, Provident Financial, RKT Textiles, Unilever, Unilever NV.

FUTURE DATES

Interims:—	
Barratt Developments	Mar. 8
Bracken Mines	Mar 10
Dawnay Day	Mar. 13
Ductile Steels	Mar. 14
Kinross Mines	Mar. 10
Leslie Gold Mines	Mar. 10
Lucas Industries	Mar. 30
Scholes (George H.)	Mar. 10
St. Helena Gold Mines	Mar. 10
Winkelhaak Mines	Mar. 10
Finals:—	
Booker McConnell	Mar. 20
Clay (Richard)	Mar 16
Federated Land and Building	Mar. 14
Metal Closures	Mar. 20
Shakespeare (Joseph)	Mar. 10
Smith and Nephew	Mar 16
Wilkes (James)	Mar. 16

WEEK'S FINANCIAL DIARY

The company meeting dates in yesterday's issue were in error, and this part of the diary should be amended as follows:—

YESTERDAY

Alexanders Discount, 1, St. Swithin's Lane, EC, 12. Dewhurst and Partner, Hounslow, 4. Clanfield Lawrence, 407, High Road, North Finchley, 12.

TO-DAY

Claverhouse Inv., 8, Crosby Square, EC, 12.30. Lonrho, Grosvenor House, Park Lane, W., 12. Plastic Constructions, Abercorn Rooms, EC, 12. Record Ridgway, Sheffield, 12.30. Winterbottom Trust, Great Eastern Hotel, EC, 11.

TO-MORROW

Bakers Household Stores, Leeds, 12. Blundell Permoglaze, Connaught Rooms, WC, 12. Homfray, Halifax, 12. Lookers, Manchester, 12. Marley, Sevenoaks, Kent, 12. U.S. and General Trust, Bucklersbury House, EC, 2.30.

THURSDAY, MARCH 9

Bimamel Bros., Coventry, 11.30. Charter Trust and Agency, 20, Fenchurch St., EC, 2.30. Corn Exchange, Corn Exchange EC, 11. Grand Metropolitan, The Lyceum Strand, WC, 11.30. Watson and Philip, Dundee, 12.

FRIDAY, MARCH 10

Bett Bros., Dundee, 12. Cowie (T.), Sunderland, 12. Sidlaw Inds., Dundee, 12.

SINKING FUND REDEMPTION NOTICE

to the holders of

General Cable International N.V.

Guaranteed Floating Rate Loan Notes 1980

NOTICE IS HEREBY GIVEN, pursuant to the terms of said Notes and the Fiscal Agency Agreement dated as of September 28, 1970 among General Cable International N.V., General Cable Corporation, Guarantor, and Irving Trust Company, Fiscal Agent, that General Cable International N.V. intends to and will redeem on March 31, 1978 by operation of the Sinking Fund provisions of said Notes $2,000,000.00 principal amount of General Cable International N.V.'s Guaranteed Floating Rate Loan Notes 1980 at 100% of the principal amount thereof, which have been selected for redemption by Irving Trust Company, as Fiscal Agent under said Fiscal Agency Agreement, as provided in said Notes as follows:

Notes in the principal amount of $1,000 bearing the prefix M to be redeemed in whole.

14	626	2965	3535	4148	4765	5318	5848	[illegible]	6790	7339	7936	8475	8937	9270	9673
24	628	2971	3560	4144	4777	5328	5854	6330	6799	7344	7941	8482	8943	9274	9683
42	630	2980	3601	4147	4781	5334	5856	6335	6808	7347	7964	8493	8946	9277	9693
43	631	3020	3627	4154	4789	5336	5861	6356	6821	7359	7977	8504	8952	9289	9695
55	636	3027	3630	4171	4815	5351	5872	6372	6825	7394	7987	8516	8966	9294	9698
61	671	3028	3663	4172	4826	5373	[illegible]	6377	6840	7410	8012	8533	8973	9297	9700
66	681	3029	3664	4178	4830	5383	5884	6381	6847	7420	8026	8545	8978	9300	9726
95	704	3056	3667	4183	4844	5388	5943	6384	6870	7437	8053	8552	8983	9313	9727
104	712	3057	3669	4203	4847	5393	5944	6388	6875	7446	8067	8554	8985	9335	9732
113	732	3061	3671	4222	4865	5394	5951	6404	6880	7448	8073	8572	8992	9339	9738
123	744	3089	3680	4226	4897	5400	5952	6411	6891	7467	8074	8583	9005	9341	9740
127	765	3109	3698	4243	4898	5412	5956	6415	6898	7504	8077	8587	9018	9364	9755
141	766	3115	3724	4261	4910	5442	5959	6416	6899	7510	8087	8590	9019	9372	9757
151	767	3144	3742	4262	4925	5445	5966	6419	6914	7531	8126	8603	9029	9376	9765
179	789	3145	3752	4280	4935	5458	5982	6424	6952	7539	8129	8604	9032	9377	9777
191	806	3160	3781	4307	4955	5459	6002	6428	6955	7573	8135	8612	9038	9381	9783
193	834	3189	3788	4324	4961	5461	6007	6443	6958	7582	8139	8620	9039	9385	9784
202	846	3191	3790	4328	5004	5463	6025	6455	6968	7590	8142	8626	9042	9392	9787
230	850	3213	3807	4332	5009	5465	6027	6457	6981	7608	8153	8651	9052	9398	9799
236	874	3225	3817	4346	5011	5469	6037	6463	6986	7614	8158	8661	9060	9413	9800
246	881	3251	3818	4348	5022	5489	6058	6480	6988	7644	8170	8669	9066	9419	9805
249	893	3269	3847	4373	5033	5511	6067	6493	6989	7664	8184	8701	9069	9445	9813
272	912	3281	3894	4404	5035	5521	6075	6494	7001	7665	8192	8712	9070	9474	9825
288	935	3286	3863	4411	5054	5544	6079	6495	7013	7666	8193	8732	9079	9477	9828
325	946	3295	3869	4421	5071	5566	6083	6506	7018	7669	8196	8741	9085	9480	9833
341	959	3303	3870	4444	5072	5591	6090	6512	7032	7695	8210	8743	9087	9481	9839
348	982	3306	3896	4447	5082	5594	6120	6521	7059	7703	8254	8749	9088	9487	9841
355	999	3318	3927	4451	5090	5599	6139	6533	7064	7729	8259	8751	9095	9490	9846
382	1006	3346	3926	4499	5101	5604	6159	6533	7068	7752	8270	8754	9123	9494	9854
388	1014	3351	3930	4508	5104	5614	6163	6571	7087	7771	8289	8760	9126	9501	9872
403	1042	3354	3933	4529	5107	5643	6171	6591	7093	7772	8297	8770	9127	9505	9881
419	1055	3363	3934	4559	5108	5647	6176	6593	[illegible]	7783	8301	8785	9136	9506	9883
443	1057	3373	3937	4604	5131	5649	6184	6599	7131	7791	8308	8789	9158	9522	9890
463	1059	3396	3944	4623	5148	5651	6192	6605	7140	7806	8325	8792	9164	9539	9899
471	1066	3399	3959	4625	5173	5659	6194	6607	7157	7807	8342	8808	9166	9542	
473	1069	3414	3973	4637	5186	5662	6205	6627	7160	7815	8350	8836	9167	9564	
483	1106	3418	3979	4645	5213	5663	6208	6637	7166	7818	8372	8839	9168	9577	
499	1109	3423	3980	4650	5220	5695	6213	6642	7168	7829	8408	8843	9169	9587	
519	1122	3436	3993	4660	5230	5704	6236	6644	7201	7834	8413	8861	9174	9588	
522	1124	3438	4007	4668	5235	5720	6257	6662	7205	7854	8415	8878	9178	9595	
540	1147	3449	4015	4697	5250	5738	6264	6711	7242	7862	8417	8885	9182	9601	
543	1155	3453	4022	4698	5264	5779	6287	6734	7243	7884	8424	8886	9186	9606	
544	1159	3471	4026	4724	5284	5785	6292	6737	7247	7888	8438	8892	9191	9615	
581	1166	3495	4028	4731	5287	5799	6301	6746	7266	7892	8441	8897	9205	9622	
584	1180	3511	4052	4743	5295	5805	6319	6756	7279	7896	8451	8912	9232	9630	
597	2946	3515	4090	4761	5299	5811	6321	6761	7302	7933	8454	8915	9242	9633	
611	2967	3520	4136	4764	5313	5839	6324	6768	7336	7935	8458	8920	9262	9639	

Notes in the principal amount of $10,000 bearing the prefix X and the principal amount to be redeemed.

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
59	$2,000	825	$1,000	1232	$1,000	1310	$2,000	1346	$2,000	1389	$2,000
207	1,000	863	4,000	1247	1,000	*1311	1,000	1351	1,000	1392	1,000
209	3,000	926	1,000	1248	1,000	*1312	1,000	1353	3,000	1393	3,000
266	1,000	1062	1,000	1266	1,000	*1313	2,000	1358	2,000	1394	3,000
314	1,000	1096	1,000	1277	3,000	1314	1,000	1363	2,000	1395	2,000
365	1,000	1102	4,000	1282	1,000	1319	1,000	1372	1,000	1397	2,000
555	2,000	1125	3,000	1290	1,000	1322	1,000	1378	2,000	1398	1,000
746	3,000	1141	1,000	1297	1,000	1327	2,000	1381	1,000	1399	1,000
778	3,000	1181	1,000	1299	1,000	1338	2,000	1384	2,000	1402	1,000
784	2,000	*1198	2,000	1304	1,000	1339	3,000	1386	2,000	1403	1,000
795	2,000	*1201	1,000	*1308	1,000	1341	1,000	1387	2,000		

*to be redeemed for the 3/31/77 Sinking Fund

X1198..$1,000 X1308..$1,000 X1312..$1,000
X1201.. 1,000 X1311.. 2,000 X1313.. 1,000

Notes in the principal amount of $100,000 bearing the prefix C and the principal amount to be redeemed.

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
*421	$ 8,000	*424	$13,000	429	$10,000	432	$11,000	435	$14,000	438	$13,000
*422	12,000	427	12,000	430	15,000	433	15,000	436	15,000	439	17,000
*423	12,000	428	10,000	431	10,000	434	15,000	437	17,000		

*to be redeemed for the 3/31/77 Sinking Fund

C421..$6,000 C422..$12,000 C423..$10,000 C424..$10,000

Notes in the principal amount of $500,000 bearing the prefix D and the principal amount to be redeemed.

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
68	$58,000	71	$61,000	74	$61,000	77	$57,000	80	$55,000	83	$68,000
69	56,000	72	57,000	75	68,000	78	70,000	81	59,000		
70	68,000	73	40,000	76	54,000	79	45,000	82	59,000		

The above-listed Notes selected for redemption (or portion of the principal amount of any Notes to be redeemed in part only) shall become due and payable on March 31, 1978 and thereafter interest thereon will cease to accrue. The aforesaid redemption price payable with respect to the Notes or portions thereof selected for redemption will be paid upon presentation and surrender thereof together with all appurtenant coupons maturing subsequent to March 31, 1978 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment therein of public and private debts at the option of the holder at Irving Trust Company, Corporate Trust Division, One Wall Street, New York, New York 10015 or at its office in London or at the office of S. G. Warburg & Co. Limited in London or at the office of Banque Internationale à Luxembourg in Luxembourg as provided in paragraph 1 of said Notes subject to the restrictions stated therein.

The holder of any Note which is redeemed in part only upon surrender thereof as above provided may obtain in exchange for the unredeemed portion thereof at no additional cost an equal aggregate principal amount of Notes of authorized denominations.

Unpaid interest instalments which shall have become due on or prior to March 31, 1978 shall continue to be payable to the bearers of the coupons which shall have matured, and the amount payable to the holders of Notes presented for redemption shall not include such unpaid instalments of interest unless coupons representing such instalments shall accompany the Notes presented for redemption.

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COMPANY IN THE NEWS

How William Press grew alongside the energy business

BY MICHAEL CASSELL

WILLIAM PRESS, the international industrial plant and mechanical engineering group at the centre of yesterday's Inland Revenue investigations, has in the past few years grown in the wake of the expansion of energy-related industries.

The group has now established for itself a dominant position in several fields connected with the energy-producing and supply sectors and offers a range of specialist engineering skills involving the installation of industrial plant, the fabrication and erection of pipework and pipeline construction.

Press subsidiary operations are involved in a variety of fields related to the group's main business, such as the design, fabrication assembly and testing of off-site plant, industrial refrigeration and air conditioning equipment and the provision of consulting, design, engineering, procurement and supervision services for the oil and gas industries.

Bags of documents being removed from the Essex Street, Strand, offices of William Press and Son yesterday.

Logical

In 1976, the last financial year for which final accounts are available, the group earned a record £9.39m. in pre-tax profits on a turnover of £156m. Work overseas, including the value of materials, amounted to £24m., *of which some £10m* was carried out in the Middle East.

In the first half of 1977, the group increased its pre-tax profit by nearly a quarter, although the figures were in part a reflection of the acquisition of James Scott Engineering early last year. Scott's electrical engineering activities were seen as a logical extension of the Press Group's *engineering and contracting* activities.

The group, which employs over 15,000 people and has been on the end of several take-over rumours, is deeply committed in work associated with aspects of North Sea oil and gas exploration, as well as industrial plant for the process industries.

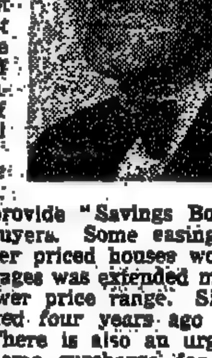
Losses

Press successfully handled much of the U.K.'s gas conversion programme earlier in the decade—at one time carrying out over 500,000 conversions a year —*and has in the past been* engaged in one-shore pipeline contracts.

The group incurred substantial losses in 1973 after it had *established* a yard at Howdon on the River Tyne for the production of gas and oil production modules. After its initial problems, however, the yard won substatnial contracts and recently built the four largest modules in the world for North Sea opeartors.

Overseas, William Press (International) has recently completed a small refinery complex in Togo, West Africa and also has work in Oman, Abu Dhabi and Bahrain. *The group also has* operating companies in Saudi Arabia, Iran, Libya, Australia and Holland.

SKIPTON BUILDING SOCIETY



The Annual General Meeting took place on the 6th March. The following are extracts from the speech made by the President, Mr. Cyril Clarke, F.C.I.S., F.B.S.

Last year a Private Member's Bill for the reorganisation and nationalisation of Building Societies came before Parliament. The Bill did not have the backing of the Government and was defeated. Should this issue be revived the consequences of nationalisation would mean the control and direction of the savings of many thousands of investors from all walks of life.

We are anxious to see more people owning their own homes. Legislation is being introduced to provide "Savings Bonus and Loan" schemes for first time buyers. Some easing of stamp duty on the purchase of higher priced houses would be welcome and if tax relief on mortgages was extended more houses would be available in the lower price range. Since *the present limit of £25,000* was fixed four years ago the retail price index has risen 75%. There is also an urgent need to abolish the investment income surcharge for all people over retirement age.

Last year, in the Housing Policy Review, the Government recognised that there was an increasing demand for home ownership. Building Societies are anxious to play their part *in a revival of the housebuilding industry, for without* more new houses the imbalance between supply and demand will continue. Neither the Government nor the Building Societies wish to see any undue escalation in house prices and the amount of finance available to the housing market may have to be curtailed until there is an increase in the number of new houses being built.

The dramatic fall in *minimum lending rate over the past* year has forced down the level of interest rates which have been reduced on three occasions. Now the pendulum appears to be moving in the opposite direction and if this trend continues Building Societies may be obliged to increase their rates.

Last year there was a healthy inflow of investments. Share and Deposit balances rose by £24 million to £141 million.

Our mortgage lending in 1977 was £23½ million. 32% was on properties built before 1919. The average loan was £7,421.

Liquid funds represent 24% *of* assets and the market value of quoted securities was £375,000 more than book value.

High inflation affects management expenses. Although these are increasing year by year they are still below the average of all societies and over 90% of total expenditure relates to interest and taxation.

Last November the Society's rules were amended to provide for a retirement age of 70 *for all Directors. The* average age of the present Board is 58.

During the Queen's Jubilee Year the Society made substantial progress. Total assets passed £150 million, the *growth rate being over 17%. Over £900,000* was added to reserves which now total £6.4 million or 4.25% of assets.

To the Shareholders of

AKTIESELSKABET
KJØBENHAVNS HANDELSBANK
(COPENHAGEN HANDELSBANK A/S)
COPENHAGEN

Against delivery of coupon No. 8 payment will be made of a dividend of 13% (less 30% dividend tax) for the year 1977. We draw the attention of shareholders to the folder the Bank has published on the special taxation rules pertaining to dividends paid to non-residents of Denmark. The folder is obtainable from N. M. Rothschild & Sons Ltd., P.O. Box 185, New Court, St. Swithin's Lane, London EC4P 4DU.

Payment will take place at the Bank's Head Office, 2, Holmens Kanal, DK-1091 Copenhagen, Denmark, or through N. M. Rothschild & Sons Ltd.

7th March 1978

AKTIESELSKABET
KJØBENHAVNS HANDELSBANK
(COPENHAGEN HANDELSBANK A/S)

MINING NEWS

CRA presses ahead with CAIL bid

BY PAUL CHEESERIGHT

IN A statement foreshadowing a new stage in its dialogue with the Government of New South Wales Conzinc Riotinto of Australia, which is 72.6 per cent. owned by Rio Tinto-Zinc of London, has given a firm indication of its intention to proceed with a joint takeover bid for Coal and Allied Industries (CAIL).

The NSW Government has recently published a series of guidelines for foreign equity holdings in domestic mining ventures and has decided to allow CAIL to apply for a mining lease on 460m tonnes of coal at Warkworth, thus turning over an earlier refusal.

CRA has made a joint bid with Howard Smith, a local company, for CAIL, but the bid was caught up by the controversy surrounding the issue of the mining lease and moves by the NSW Government to control foreign investment.

Government officials and CRA representatives met at the end of last week and as a consequence CRA said yesterday that it would be making further submissions to the Government.

The submissions will set out the advantages which would be likely to accrue from a significant CRA participation in CAIL.

CRA already holds 42.8 per cent. of CAIL, while Howard Smith, already linked with CAIL by common Board members, holds 38 per cent.

The NSW Government has pointed out that if the bid is successful, the CRA holding in CAIL will be about 40 per cent., thus meeting one of the main Government guidelines for 51 per cent. domestic equity in mining ventures.

CRA's dealings with the Government now centre on another guideline which reads, "Where a significant change in ownership occurs, the NSW Government reserves the right, after discussion with the mining companies concerned, to vary the previously determined conditions of mining leases which would be affected by the change."

Only when the discussions mentioned in the guideline are complete will CRA be likely to move decisively on the bid. If it should go ahead then it is assumed in Australian market circles that the joint offer will be increased.

The bid on the table puts a value of $A3.90 on each CAIL share, but last month CAIL announced a sharp increase in half-yearly profits and boosted its interim dividend to 8 cents from 6 cents. CAIL shares in Sydney were yesterday 2 cents above the bid price of $A3.92.

In London yesterday CRA's apparent determination to press ahead with the joint bid was one of the factors lifting its share price 8p to 156p. CAIL, on the other hand, were barely changed at 312p.

GUYANA PONDERS URANIUM QUEST

The Guayana Government has announced that it is holding discussions on exploring for uranium in the country. But, our Georgetown correspondent writes, Mr Hubert Jack, the Energy and Natural Resources Minister, told Parliament that owing to the sensitive nature of the subject, he could not say more.

Mr Jack did not say with whom the Guyana Government was having talks but he invited the Opposition to discuss the matter with him in private.

Recently, however, Dr. Cheddi Jagan, the Opposition leader, told Parliament that he had been contacted by a West German firm regarding his party's position on uranium mining in Guyana. He had replied that any future government of which he was prime minister would cancel any agreement which did not respect Guyana's sovereignty.

Guyana's mining industry is at present largely confined to bauxite, but traces of radioactive minerals have been found in the past, although the extent of any deposits is not known.

AMAX-BRGM

On March 1 it was reported that Bureau de Recherches Geologiques et Minieres, a French Government agency, and Amax, a U.S. mining house, would hold respectively 3 per cent and 49 per cent. of a new French company taking a stake in Cofremmi, the operator for a nickel venture in New Caledonia. In fact the BRGM holding is 51 per cent. The error arose in the transmission of information between Amax, its London agents and the Financial Times.

TIN COMPANIES EARN LESS

Higher metal prices have not been sufficient to compensate for lower production at Aokam Tin, a member of the Malaysian Mining Corporation. The company has announced net profits for the six months to December of $Ma 3.65m (£805,740), down from $Ma 4.38m in the same period of 1976 when there was a surplus on buffer stock transactions.

A similar pattern emerged at Tongkah Harbour Tin, where net profits for the half year to December were down to $Ma 875,000 (£193,155) from $Ma 1.09m in the corresponding period of 1976.

Both companies received an average price of $Ma 1,707 per picul of tin metal against $Ma 1,218 in the first half of the 1976-77 year. Aokam's production was 13,674 piculs compared with 16,904 piculs while Tongkah's was down to 4,362 piculs against 4,938 piculs.

There has been no change in the production pattern since December. In London yesterday Tongkah shares were 85p.

BRENT WALKER

Brent Walker announced last night that the writ issued against the company by Graham Saunders and associates in connection with the Oxford Walk development project in Oxford Street has been withdrawn.

SA clamps down on uranium information

BY QUENTIN PEEL

CAPE TOWN, March 6.

NEW RESTRICTIONS on the publication of information about South Africa's uranium reserves, output, contracts and processing are proposed in a Bill published here to-day, extending the already far-reaching powers of the Atomic Energy Act.

The amendments would ban the publishing of any information about the whereabouts, extent and richness of uranium deposits, as well as the price paid, terms and conditions of any contract for the sale of uranium produced in South Africa, Namibia (South-West Africa), or imported into the country, without permission from the Atomic Energy Board. They would also make it an offence to publish anything about research work into uranium enrichment and processing, whether such work took place inside or outside South Africa.

At the same time the Atomic Energy Amendment Bill seeks to ban any South African from giving information about any negotiations or meetings held by uranium producers between January, 1972, and December, 1975—the years of the alleged uranium producers' cartel. The clause is clearly intended at preventing any South African from testifying in the current Westinghouse litigation in the U.S.

The Atomic Energy Act in South Africa already imposes severe restrictions on the publication of any information on uranium mining and the nuclear industry, although it has not been widely enforced. The mining companies have still been able to publish a modicum of information about their activities.

While industry sources to-day expressed concern at possible Government overreaction, they were hopeful that permission would continue to be granted for companies involved in uranium mining and exploration "to tell the shareholders the things they need to know," although they are unlikely to be able to publish as much information as in the case of gold mines.

Apart from the restriction on granting information about the uranium producers' cartel, the sources see the latest moves as aimed principally at curbing "speculation by the Press" as to such subjects as South Africa's atomic energy and uranium enrichment programmes.

Platinum hopes in Brazil

BRAZILIAN MINING specialists are awaiting the results of the analysis of specimens of platinum, gold, palladium and silver found in the city of Ouro Preto in Minas Gerais state to determine whether a deposit of what appears to be a large quantity of these metals could be economically viable, writes **Diana Smith from Rio de Janeiro.**

Speculation that the deposit could contain up to 30 per cent of the world's current platinum reserves has not been confirmed by the Brazilian National Department of Mineral Production, which stresses that it is still too early to gauge its full potential.

Exploration and testing are still at an early stage. **Johnson Matthey** of London are currently examining specimens.

The current bulletin of Brazil's National Department of Mineral Production meanwhile reports that prospecting in Maranhao State in the north-east has yielded strong chances of a good return on capital in non-metallic minerals, especially limestone and phosphorous bauxite, as well as gypsum, sand and slate.

A deposit of 18.5m tonnes of phosphorous bauxite—5 per cent of Brazil's total reserves—has been found in the Pirocaua mountain range and on Trauira Island.

Two companies hold the working rights: **Osaki Mineracao** for an area containing 9.5m tonnes and **Companhia Trauira de Fosfato** for an area containing 8.5m tonnes.

MINING BRIEFS

AMALGAMATED TIN NIGERIA—January output tin 142 tonnes, December 161 tonnes; columbite 16 tonnes (December 27 tonnes).

PAHANG CONSOLIDATED—February production of tin in concentrates 137 tonnes.

KILLINGHALL TIN—February [illegible] tonnes, January [illegible] tonnes.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on March 6, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	85.00
Albania	Lek	[illegible]
Algeria	Dinar	7.8231
Andorra	French Franc	9.241½
	Spanish peseta	155.26
Angola	Kwanza	n.a.
Antigua (S)	E.Caribbean $	5.2547
Argentina	Ar. Peso Free Rate	[illegible]
Australia (S)	Australian $	1.6878
Austria	Schilling	28.25
Azores	Portug. Escudo	78.95
Bahamas (S)	Ba. Dollar	1.9570
Bangladesh (S)	Taka	28.80
Bahrain (S)	Dinar	0.758
Balearic Is.	Spa. Peseta	155.26
Barbados (S)	Barbados $	3.874
Belgium	B. Franc	(cm) 61.10
		(fn) 61.10
Belize	B $	3.874
Benin	C.F.A. Franc	482½
Bermuda (S)	Bda. $	1.9570
Bhutan	Indian Rupee	15.7498
Bolivia	Bolivian Peso	38.74
Botswana (S)	Pula	[illegible]
Brazil	Cruzeiro	32.10
Br. Virgin Is. (S)	U.S.$	1.9570
Brunei (S)	Brunei $	4.48075
Bulgaria	Lev	1.746
Burma	Kyat	[illegible]
Burundi	Burundi Franc	176.21
Cameroon Rp	C.F.A. Franc	482½
Canada	Canadian $	2.1835
Canary Is.	Spanish Peseta	155.26
Cape Verde I.	Cape V. Escudo	n.a.
Cayman I. (S)	Cay. I. $	1.6142
Cent. Af. Rp.	C.F.A. Franc	482½
Chad	C.F.A. Franc	482½
Chile	C. Peso	(Bk) 55.16
China	Renminbi Yuan	A 3.2074
Colombia	C. Peso	(F) 73.87
Comoro Isls	C.F.A. Franc	482½
Congo (B'ville)	C.F.A. Franc	482½
Costa Rica	Colon	16.5562
Cuba	Cuban Peso	1.4684
Cyprus (S)	Cyprus £	0.72815
Czechoslovakia	Koruna	[illegible]
		(nc) 21.10
		(T) 16.46
Denmark	Danish Krone	10.85
Djibouti	Fr.	[illegible]
Dominica (S)	E. Caribbean $	5.2547
Domin. Rep.	Dominican Peso	1.9570
Ecuador	Sucre	(O) 48.18
		(F) 56.28
Egypt	Egyptian £	(O) 0.765
		(T) 1.35
Ethiopia	Ethiopian Birr	(P) 4.01418
Eq'l Guinea	Peseta	155.26
Falkland Is.	Falkland Is. £	1.0
Faroe Is.	Danish Krone	10.85
Fiji Is.	Fiji $	[illegible]
Finland	Markka	[illegible]
France	French Franc	9.241½
French C'ty in Af.	C.F.A. Franc	482½
French Guiana	Local Franc	9.241½
French Pac. Is.	C.F.P. Franc	168.091
Gabon	C.F.A. Franc	482½
Gambia (S)	Dalasi	[illegible]
Germany (East)	Ostmark	3.95

Place and Local Unit		Value of £ Sterling
Germany West	Deutschmark	[illegible]
Ghana (S)	Cedi	2.15 (sg)
Gibraltar (S)	Gibraltar £	1.0
Gilbert Is.	Aust. Dollar	1.6878
Greece	Drachma	71.456
Greenland	Danish Kroner	10.85
Grenada (S)	E. Caribbean $	5.2547
Guadaloupe	Local Franc	9.241½
Guam	U.S. $	1.9570
Guatemala	Quetzal	1.9570
Guinea Rep.	Syli	40.75112
Guinea Bissau	Peso	[illegible]
Guyana (S)	Guyanese $	[illegible]
Haiti	Gourde	[illegible]
Honduras Rep	Lempira	[illegible]
Hong Kong (S)	H.K.$	[illegible]
Hungary	Forint	(com) 72.66
		[illegible]
Iceland (S)	I. Krona	492
India (S)	Ind. Rupee	15.7498
Indonesia	Rupiah	[illegible]
Iran	Rial	[illegible]
Iraq	Iraq Dinar	[illegible]
Irish Rep.	Irish £	1.0
Israel	Israel £	[illegible]
Italy	Lira	[illegible]
Ivory Coast	C.F.A. Franc	482½
Jamaica (S)	Jamaica Dollar	[illegible]
Japan	Yen	[illegible]
Jordan (S)	Jordan Dinar	0.592 (sg)
Kampuchea	Riel	2524.4
Kenya (S)	Kenya Shilling	[illegible]
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait (S)	Kuwait Dinar	[illegible]
Laos	Kip Pot Pol	[illegible]
Lebanon	Lebanese £	[illegible]
Lesotho	S. African Rand	[illegible]
Liberia	Liberian $	1.9570
Libya	Libyan Dinar	[illegible]
Liechtenstein	Swiss Franc	[illegible]
Luxembourg	Lux Franc	61.10
Macao	Pataca	[illegible]
Madeira	Portug'se Escudo	78.95
Malagasy Rp.	MG Franc	482½
Malawi (S)	Kwacha	[illegible]
Malaysia (S)	Ringgit	[illegible]
Maldive Is. (S)	Mal Rupee	[illegible]
Mali Rp	Mali Franc	[illegible]
Malta (S)	Maltese £	[illegible]
Martinique	Local Franc	9.241½
Mauritania	Ouguiya	91.44577
Mauritius (S)	M. Rupee	[illegible]
Mexico	Mexican Peso	[illegible]
Miquelon	C.F.A. Franc	482½
Monaco	French Franc	9.241½
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	5.2547
Morocco	Dirham	[illegible]
Mozambique	Moz. Escudo	[illegible]
Nauru Is.	Aust. Dollar	[illegible]
Nepal	Nepalese Rupee	[illegible]
Netherlands	Guilder	4.20
Neth. Antilles	Antillian Guild	[illegible]
New Hebrides	Franc	[illegible]
	Austl. Dollar	1.6878
N. Zealand (S)	N.Z. Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Rp	C.F.A. Franc	482½
Nigeria (S)	Naira	[illegible]
Norway	Norwg. Krone	[illegible]
Oman Sultanate of (S)	Rial Omani	[illegible]
Pakistan	Pkst. Rupee	[illegible]
Panama	Balboa	1.9570
Papua N.G. (S)	Kina	[illegible]

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	[illegible]
People's D. Rp. of Yemen (S)	Yemen Dinar	[illegible]
Peru	Sol	[illegible]
Philippines	Ph. Peso	[illegible]
Pitcairn Is. (S)	£ Sterling	
	New Zealand $	[illegible]
Poland	Zloty	(Cm) 64.29
		(T) 64.29
Portugal	Port. Escudo	78.95
Port Timor	Timor Escudo	78.95
Principe Isle	Port. Escudo	78.95
Puerto Rico	U.S. $	1.9570
Qatar (S)	Qatar Rial	[illegible]
Reunion Ile de la	French Franc	9.241½
Rhodesia	Rhodesian $	[illegible]
Romania	Leu	[illegible]
		[illegible]
Rwanda	Rwanda Franc	[illegible]
St. Christopher (S)	E. Caribbean $	5.2547
St. Helena	St. Helena £	1.0
St. Lucia (S)	E. Caribbean $	5.2547
St. Pierre	C.F.A. Franc	482½
St. Vincent (S)	E. Caribbean $	5.2547
Salvador El	Colon	[illegible]
Samoa (Am)	U.S. $	1.9570
San Marino	Italian Lire	[illegible]
Sao Tome	Port. Escudo	78.95
Saudi Arabia	Riyal	[illegible]
Senegal	C.F.A. Franc	482½
Seychelles	S. Rupee	[illegible]
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	[illegible]
Solomon Is. (S)	Australian $	[illegible]
Somali Rep	Som Shilling	[illegible]
Sth. African (S)	Rand	[illegible]
S. W. African Territories (S)	S. A. Rand	[illegible]
Spain	Peseta	[illegible]
Span. Ports in North Africa	Peseta	[illegible]
Sri Lanka (S)	S.L. Rupee	[illegible]
Sudan Rp.	Sudan £	[illegible]
Surinam	S. Guilder	[illegible]
Swaziland (S)	Lilangeni	[illegible]
Sweden	S. Krona	[illegible]
Switzerland	Swiss Franc	[illegible]
Syria	Syria £	[illegible]
Taiwan	New Taiwan $	[illegible]
Tanzania (S)	Tan. Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Rp.	C.F.A. Franc	482½
Tonga Is. (S)	Pa'anga	[illegible]
Trinidad (S)	Trin. & Tobago $	[illegible]
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & Caicos	U.S. $	[illegible]
Tuvalu	Austral. $	[illegible]
Uganda (S)	Ug. Shilling	[illegible]
U.S. States	U.S. Dollar	1.9570
Uruguay	Uruguay Peso	[illegible]
		[illegible]
Utd. A. Emirates	U.A.E. Dirham	[illegible]
U.S.S.R.	Rouble	1.34
Upper Volta	C.F.A. Franc	482½
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam Nth	Dong	[illegible]
		[illegible]
Vietnam Sth	Piastre	[illegible]
Virgin Is. U.S.	U.S. Dollar	1.9570
Western Samoa (S)	Samoan Tala	[illegible]
Yemen	Ryal	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Rp	Zaire	[illegible]
Zambia	Kwacha	[illegible]

That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
Rupees per pound.
The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs 5 to one unit of the new currency.
General rates of oil and iron exports [illegible].
Based on cross rates against Russian rouble.
Rate is the Transfer market (controlled).
Rate is now based on 2 Barbados $ to the dollar.
Now one official rate.
Following 34 per cent. devaluation.

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 6½ per cent.
(since January 6, 1978)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave large assistance by buying Treasury bills from the discount houses. This was probably more than enough to take out the underlying shortage, and banks will probably bring forward surplus balances.

Discount houses paid 5¾-6 per cent. for secured call loans early in the day, but market conditions were very easy towards the close, and houses found final balances at 4-5 per cent.

In the interbank market overnight loans opened at 6¼-6¾ per cent., and remained steady at around 6-6¾ per cent. until the afternoon, when rates fell to 3-4 per cent., before closing at about 5 per cent.

Adverse factors influencing the market yesterday were: run-down bank balances carried over from Friday, and a fairly large net take-up of Treasury bills to finance. On the other hand Government disbursements were slightly in excess of revenue payments to the Exchequer, and there was a very slight fall in the note circulation.

Fixed period interest rates were generally easier in the very short periods, but there was little change in longer term rates.

Rates in the table below are nominal in some cases.

Mar. 6 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5-6⅜	—	—	—	6½	4-6	—	—	—
2 days notice	—	—	6¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	6⅛-6½	6¼	—	6½-6¾	6¾	5½-6	—	—	—
One month	6½-6⅝	6½-6⅝	6⅜-6½	6⅞-6⅝	6⅝-7	6⅝	6	5⅝	6 1/16-6¼	7-7⅛
Two months	6¾-6 11/16	6 11/16-6⅞		6⅞-6⅝	6¾-7¼	—	6-6⅛	5 15/16-5 31/32	6 5/16	7-7⅛
Three months	7 1/16-6 15/16	7-7¼	6 15/16-7	6⅞-6½	7¼-7½	7⅛	6¼	6	6 9/16-6¾	7⅛
Six months	7¼-7⅛	7¼-7 3/16	7 5/16-7⅜	7⅛-6⅞	8-8¼	—	—	—	7 3/16-7⅜	7¼
Nine months	8 1/16-8	8⅛-8 1/16		8⅛-7¾	8½-8¾	—	—	—	—	—
One year	8 1/16-8⅛	8¼-8 3/16	8½	8¼-8	9	—	—	—	—	—
Two years	—	—	9¼-9⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate nominally three years 10¼-10½ per cent.; four years 10¾-11 per cent.; five years 11-11¼ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 7-7 1/16 per cent.; four-month trade bills 7¾ per cent.

Approximate selling rates for one-month Treasury bills 5 25/32-5 27/32 per cent.; two-month 5 15/16-5 29/32 per cent.; and three-month 5 31/32 per cent. Approximate selling rate for one-month bank bills 6 1/16 per cent.; two-month 6 5/16 per cent.; and three-month 6 9/16-6½ per cent. One-month trade bills 6¾-7 per cent.; two-month 6¾-7 per cent.; and also three-month 7 per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 4 per cent. **Clearing Bank Rates for lending 6½ per cent. Treasury Bills:** Average tender rates of discount 5.9840 per cent.

IN BRIEF

SCOTTISH UNITED INVESTORS—Results for 1977 reported February 1. Investments £51.61m. (£55.09m.), investment currency premium £10.47m. (£16.55m.), net (£17.41m.). Short-term funds increased by £3.1m. (£0.97m. decrease). Company is a subsidiary of Inchcape and Co. Meeting 100, Old Broad St., E.C., on March 23, at 3 p.m.

PRIDE AND CLARKE (retail motor traders)—Results for year to September 30, 1977, already known. Group fixed assets £1.73m. (£1.81m.). Current assets £29.17m. (£20.53m.) and liabilities £23.72m.

ROMNEY TRUST—Results for 1977 already known. Investments £29.15m. (£27.25m.) valued at £41.44m. (£40.09m.). Net current liabilities £1.62m. (£0.50m.). Decrease in liquidity £0.78m. (£2.33m.). It remains policy to maintain U.S. investments as outlook for U.S. stock market and economy appears superior to that of U.K. Meeting, 71, Moorfields, E.C., on March 23, at 2.45p.m.

TRIBUNE INVESTMENT TRUST—Results for 1977 already known. Investments totalled £21.84m. (£23.4m.) and net current assets £827,787 (£81,390 liabilities). Liquidity increased by £0.7m. (£1.27m. decrease). Meeting, 85, Leadenhall Street, E.C., March 28, at 2.30 p.m.

Benlox closes lossmaker

BY ANDREW TAYLOR

UNDER THE new chairman Mr. Rodney Harnett **Benlox Holdings**, the building contractors, in which there is a large Arab stake has announced that it is to conduct a complete reappraisal of its remaining business interests.

This follows the announcement that the group made a pre-tax loss of £51,000 (loss £26,000) in the six months to August 31, 1977. The group has already disposed of its Benfield Loxley building interests, while Merrow Gauge and Tool has been placed in receivership. Claims for damages in excess of £200,000 have also been instituted against the vendors of W and W Group for breach of warranty.

Mr. Harnett, who only took over as chairman last month, has now announced that the group is to close its lossmaking Frederick Minns subsidiary.

He said last night: "The remaining aspects of the business have been profitable and the reappraisal is to make sure that every respect of these businesses, including our interests in the Middle East, are now on a sound footing. There will also be a reappraisal of management."

The previous chairman, Mr. David Olney, who retains a 25 per cent. stake in the group, is to take charge of Benlox's interests in the United Arab Emirates.

Last year Arab interests, through the vehicle of Grange Nominees, a Guernsey-registered company, took a 29.9 per cent. stake in Benlox—just short of the level at which a full bid would be required under Takeover Panel rules.

The Olney family currently controls around 38 per cent. of the group's equity. However, Grange has a further option which would enable it to match its holding with that of the Olney family.

Mr. Harnett said that Minns had made further losses in the current year and that the decision to close this company would help provide a more secure future for the profitable parts of the group—namely Olney Bros., Interplan Electrics and J. Joslin.

However, with the inclusion of further losses from Minns it is likely that the group will make a loss in the second half.

QC to head airport inquiry

MR. IAIN GLIDEWELL, Q.C., will head the public inquiry into British Airports Authority applications for planning permission to build a fourth terminal at Heathrow, the Environment Department announced yesterday.

The inquiry will open at County Hall, London, on May 31 with the possibility of hearings elsewhere if necessary.

BIDS AND DEALS

LAIC accepts rival offer from Colonial Mutual

The directors of London Australia Investment Company, the Sydney-based investment trust whose shares are quoted only on the London market, have agreed the terms of a £9.5m. bid from one of Australia's biggest life assurance companies, **Colonial Mutual Life.**

Colonial Mutual is offering $A1.57 a share in cash, and will allow LAIC's shareholders to retain the 5¼ cents a share second interim dividend which was declared by LAIC's Board yesterday and is due to be paid on April 3.

The bid from Colonial Mutual follows hot on the heels of an upgraded offer of $A1.40 a share from Colophonium, LAIC's biggest shareholder, which controls around 29 per cent. of the equity. It was announced in London yesterday morning and appears to have taken the Colophonium camp by surprise; so far there has been no indication whether it will be coming back with yet another offer. However, since LAIC's net assets per share at the December year-end are estimated, on a break-up basis, to have been worth $A1.62 (before the distribution) there does not appear to be much for Colophonium to go for.

Colonial Mutual is expected to absorb LAIC's portfolio within its own, thereby obtaining tax advantages which allow it to bid slightly over the break-up value. With the recent slide in the Australian stock market, the value of LAIC's portfolio has dropped slightly. When Colophonium opened the bidding for the company, late last year, LAIC's directors put the net asset backing at $A1.67 a share. At that stage Colophonium was offering $A1.30 a share.

Allowing for inclusion of the dollar premium, the value of Colonial Mutual's bid is 127p a share. Including the dividend (which is not premium-worthy), the value of the bid rises to 131p a share. Yesterday LAIC's shares closed at 124p, up 9p.

RMC BUYS MORE BRIT. DREDGING

Ready Mixed Concrete has bought a further 217,692 shares in Cardiff-based **British Dredging Company**, increasing its stake in the group from 25.4 per cent. to 27.3 per cent.

A spokesman for RMC said yesterday: "There are no present plans for making a bid for British Dredging. It is just a simple case that these shares came on to the market and we decided to buy them."

William Adams of Newport also recently bought 30,000 shares in British Dredging, marginally increasing its stake from 5 per cent. to 5.27 per cent. British Dredging shares last night closed at 26p, down 3p.

PHILIPS BUYS

Philips' Electronics has bought a holding of over 6 per cent. in Rediffusion, the TV rental group in which BET has a 57.7 per cent. stake.

The Rediffusion reaction was that the move was not very significant, while a spokesman for Philips' said last night that the holding should be viewed purely as "a trade investment." A trading relationship has apparently existed between the two parties for a number of years.

The new purchase, which represents an investment of around £4.7m., marks the company's increasing interest in the field of TV rental. Philips' recently expanded its interest in Electronic Rentals to over 30 per cent. as the result of a take-over bid, having made it clear at the outset that it was not the group's intention to go beyond a 35 per cent. stake.

The precise reason for this added interest is not altogether clear, though there is some speculation that Philips' could be anxious to tie up outlets for its video equipment.

EDINBURGH & GENL. IN MERGER TALKS

The share quotation of **Edinburgh and General Investments**, the insurance brokers and Lloyd's underwriters, has been suspended, pending a reorganisation of the company.

A statement issued yesterday reveals that discussions have been taking place with a private banking and insurance broking group with a view to merging the two businesses. The discussions could "lead to a change in the control of Edinburgh and General."

The identity of the other party has not been revealed, but both are seeking external financial advice and a further statement is to be made to shareholders of Edinburgh and General "as soon as possible."

The suspension price of 24p values Edinburgh and General at around £850,000.

SCOTCROS

The acquisition of 80 per cent. of the Remy Group of companies, France, has been ratified by the shareholders of Scotcros. They also approved an alteration in the group's borrowing powers to one-and-a-half times the capital and consolidated reserves of the group.

Reasons for trust merger

The formal offer document from **Scottish Eastern Investment Trust** for those shares in **Western Canada Investment Company** which it does not already own—28.3 per cent. of the Preference capital, and 21.1 per cent. of the Ordinary—comes with a document from the Board of Western Canada, setting out the reasons for their decision strongly to recommend the offer.

They say that, following purchases of large tranches of Western Canada's shares by Scottish Eastern in 1975 and 1977, the marketability of Western Canada's shares is so limited that it might become difficult to justify the continuation of the Stock Exchange listing of the company on any further contraction.

They also say that the amount offered to the Ordinary holders of Western Canada, 650p a share, is "attractive": it is equivalent to the going concern net asset value of the shares. And finally they point out that both Ordinary and Preference holders (who are offered 100p a share), will be able to reinvest the proceeds of the bid at a higher return elsewhere.

After a year in which gross revenue increased from £3.92m. to £4.44m., and net assets attributable to the Ordinary shares from £75m. to £80.6m., Scottish Eastern's Board has declared a final dividend of 4.24p a share gross, making 6.15p (5.30p) a share gross for the year.

BLAKEY'S

The directors of **Blakey's (Malleable Castings)**, excluding Mr. A. J. Cross and Mr. R. W. Stone who are also directors of Centreway, advise the Ordinary stockholders to take no action regarding the original nor any revised offer which may be received.

ANSTON HLDGS.

Mr. Raymond Stoner is bidding 76p per share to gain full control of **Anston Holdings**. In Saturday's story the offer price used in the heading inadvertently differed from that in the text.

ASSOCIATES DEAL

W. I. Carr, Sons and Co. has bought on behalf of Charterhouse Japhet, advisers to Coral Leisure group, £100 **Pentin's** 7 per cent. convertible loan stock at 174p on behalf of associates of Carr, they bought 5,000 Coral at 107p.

METTOY PLANS EXPANSION

The **Mettoy Company** has signed a letter of intent with **Rosedale Mouldings** for the purchase of the toy manufacturing business of Rosedale.

This will further strengthen the range of toy products that Mettoy offers to the wholesale and cash and carry trade. It is the intention of Mettoy to develop the use of the Rosedale brand in this significant market sector.

It is planned that Rosedale toys will be assembled within Mettoy's existing Swansea facilities and sold through its wholesale sales force. Mettoy will continue the purchase of plastic mouldings for existing Rosedale toys from Rosedale Mouldings.

W. WILLIAMS

The interest of **W. Williams and Sons** in an associated company in South Africa, shown in the balance sheet as £48,919, has been sold for R300,000—about £133,000.

SHARE STAKES

Plantation Holdings—A. K. S. Franks, director, sold on March 2, 25,000 shares at 64p to finance the subscription, already announced, of 30,000 shares under the executive share scheme and the tax arising on the sale.

Moss Engineering Group—Britannic Assurance has interest in 323,500 shares (7.02 per cent.).

Beralt Tin and Wolfram—Bakelite Xylonite has acquired 250,000 shares. Total holding 1.52m. (13.23 per cent.).

General Accident Fire and Life Assurance Corporation—At Feb. 24, Kuwait Investment Office had increased its holding by 60,000 to 12m. shares (7.3 per cent.).

Benjamin Priest and Sons (Holdings)—Industrial and Commercial Finance Corporation owns 530,000 shares (6.3 per cent.).

British Tar Products—London Trust holds 1.1m. shares (9.46 per cent.).

Hammerson, Property and Investment Trust—Standard Life Assurance on March 1 bought 20,000 "A" shares. Total holding 3,661,400 shares (29 per cent.) registered in name of Bank of Scotland (Stanlife) London Nominees.

Henlys—London and Manchester Assurance has bought 3,100 5.25 Cumulative Preference shares making total holding 44,600 (23.78 per cent.).

Wagon Finance Corporation—Duncan Lawrie Investments has increased its investment in the company by 25,000 shares making a total holding of 625,000 shares (5.39 per cent.).

Atlanta, Baltimore and Chicago Regional Investment Trust—Wiltshire County Council's holding of Ordinary shares has been reduced to below 150,000 shares, and therefore, the council no longer has a notifiable interest.

Esso Pension Trust no longer holds any shares following the disposal of 315,000 shares.

Laurence Scott—Prudential Group has increased its holding to 665,000 Ordinary shares (7.1 per cent.).

United Guarantee (Holdings)—Company has been notified that a holding previously registered in the name of Essex Group Holdings and associated companies has now been transferred to Steephill, which now holds 23.12 per cent.

Assam Dooars Holdings—British Indian Tea (Holdings), a subsidiary of Longbourne Holdings, has transferred its holdings of 12,390 Ordinary shares and 14,500 Preference shares in Assam Dooars to Longbourne. As a result, Longbourne now holds 115,370 Ordinary (11.31 per cent.) and 14,500 Preference shares (9.73 per cent.).

Estates and Agency Holdings—Angloped, a company owned equally by D. Berchanpour and F. A. Shasha, director, acquired 1,000 shares at 28p on January 12, 10,000 at 41p on January 24 and 12,500 at 40p on February 21.

Polymark International—ITC Pension Trust and the ITC Pension Investments are now the joint beneficiary owners of 330,000 Ordinary shares.

Steetley—Prudential Group now holds 2,843,488 Ordinary shares (5 per cent.).

Spear and Jackson International—London and Manchester Assurance has acquired a further 4,171 5 per cent. Preference shares and now hold more than 5 per cent. of that class.

Vernon Fashion Group: Mr. D. Mettreich, a substantial shareholder, has purchased 15,000 Ordinary shares.

Jokai Holdings: Longbourne Holdings has acquired from its subsidiary, British Indian Tea Company (Holdings), 1,500 Preference shares and 184,347 Ordinary shares. As a result of this acquisition, Longbourne now holds a total of 4,670 (3.1 per cent.) Preference shares and 692,480 (31.81 per cent.) Ordinary shares.

Monument Securities: Mr. D. J. Finlay-Mulligan, a director, has disposed of 25,000 Ordinary shares; and his wife has disposed of 240,000 Ordinary shares.

Warwick Engineering Investments: Gidney Securities has recently purchased 100,000 Ordinary shares.

Banro Consolidated Industries: 264,000 shares registered in the name of Magwest Nominees are held in their capacity as trustee of Key Small companies.

Lunuva (Ceylon) Tea and Rubber Estates—as a result of Harcros Investment Trust becoming a subsidiary of Harrisons and Crosfield, the latter company is interested in a further £88,088 stock in Lunuva thereby making a total interest in £571,081 stock (66.89 per cent.).

REPORT ON THE WINDSCALE INQUIRY

BY ROY HODSON

Report vindicates Windscale

R. JUSTICE PARKER, who nducted last summer's planning iquiry into the British Nuclear uel's application to build a eprocessing plant at Windscale, umbria, yesterday gave his unuivocal approval for the proct in a report to Mr. Peter hore, Environment Secretary.

His 90-page—plus annexes—port recommends that perission for the Windscale plant ould be granted without delay.

The recommendation is based several agreed conditions etween BNFL and the local thorities in the area concerng such points as the appearance buildings, the monitoring of aterial discharged into the vironment, and the reporting accidents.

A further condition proposed the Cumbria County Council, hich Justice Parker believes ould be accepted, is that the te of the plant should be nited to a throughput of not ore than 1,200 tonnes of spent el a year. "That would be ceptable to BNFL and I recomend that it should also be tached."

Justice Parker says that he is thorised by the assessors who sisted him on the inquiry to ate that they both agree with e overall conclusion and with subsidiary conclusions, except ose relating to conventional anning issues (the assessors re not present at that part of e inquiry) and matters relating questions of law.

The assessors were Sir Edward chin and Professor Sir ederick Warner.

In a concise summary of the port, Justice Parker explains conclusions by answering ree questions and explaining w he arrived at his answers. re we reproduce his summary.

Should oxide fuel from U.K. actors be processed in this untry at all?

Although reprocessing of oxide el is not necessary to preserve the option either to build CFR1 or to launch an FBR programme, and although it is possible that it will be decided not to proceed further with FBRs at any rate for a period. I conclude that a new plant for reprocessing oxide spent fuel from U.K. reactors is desirable and that a start upon such a project should be made without delay. My principal reasons for this conclusion are:

Stocks of spent fuel from AGRs presently existing and under construction will, unless reprocessed, continue to build up and will have to be stored until finally disposed of in some manner.

It is necessary to keep the nuclear industry alive and able to expand should expansion be required.

Such expansion might be required, either to meet additional energy demands, or to preserve a "mix" and to avoid over-dependence on a particular energy source, or to reduce the number of fossil fuelled stations as a result of confirmation from further research of the views expressed in the Ford Foundation Report (and elsewhere) that such stations are more harmful than nuclear stations.

Keeping the industry alive will involve further reactors being constructed and further quantities of spent fuel arising. Such further quantities will, if not reprocessed, also have to be stored until finally disposed of in some manner.

All the spent fuel stored will contain fission products and the long-lived actinides including plutonium. The inventory of plutonium will, therefore, continue to increase for as long as reprocessing is delayed.

The prolonged storage of ever-increasing spent fuel containing an ever-increasing quantity of plutonium would involve the development of new storage methods. This would be both a costly and a lengthy process.

To store such increasing quantities of spent fuel would be sensible only if it was likely that it would ultimately be decided to dispose of the spent fuel (with its entire content of plutonium and other radioactive substances) without reprocessing. Such a decision appears to be unlikely and not to be in the best interests of ourselves or future generations. This is because:

1—It involves throwing away large indigenous energy resources and, for so long as there is a nuclear programme of any kind, making us wholly dependent on foreign supplies. The undesirable consequences of energy dependence of this nature has been only too well demonstrated in recent years in the case of oil.

2—It involves committing future generations to the risk of the escape of more plutonium than is necessary. If the plutonium is extracted by reprocessing the total inventory can be greatly reduced.

3—It involves committing future generations to a greater risk of escape of the remaining content of the spent fuel since the spent fuel is likely to be more vulnerable to leaching by water than solidified highly active waste.

If reprocessing is going to take place at some time it is preferable to start without delay since the techniques can then be developed at a reasonable rate, and greater experience can be gained both of the process itself and of the behaviour and effects of the emissions involved, while spent fuel stocks and arisings are comparatively small. This is to the benefit of workers, public and future generations alike.

The risks from the emissions involved in reprocessing are, on current estimates, likely to be very small and, if reprocessing is to take place at some time, will in any event occur at some time.

Evidence that current estimates are seriously wrong did not appear to me to be convincing but, should it be proved correct, this is likely to have occurred well before THORP begins to operate. THORP would then have to operate to the new limits or not at all.

The risks of accident will, if reprocessing is to take place at some time, also have to be incurred, at some time. At the present time they are likely to be containable within tolerable levels.

If reprocessing were to begin suddenly on a large scale after a lapse of time the risks would probably also be containable but would be likely to be greater.

The risks from terrorism are not significant. The plutonium separated from U.K. fuel would be stored at Windscale and would not be subjected to movement from Windscale, save in the form of fuel, which is not an attractive target.

The risks arising from transport would be no greater than at present. Spent fuel will have to be carried to Windscale in any event. Fresh fuel sent out from Windscale would not present any significant risk.

Should reprocessing be at Windscale?

I have no doubt that the answer to this question should be in the affirmative.

The existence of the facilities already at Windscale and the store of knowledge concerning the behaviour of radionuclides discharged from Windscale, coupled with the facts that any alternative would be likely to involve additional transport of plutonium or prohibitive expense, make it clear that, if the operation is to be carried on at all, Windscale is the obvious location.

It will involve additional exposure to local inhabitants but the risks involved appear to me to be so small that this fact cannot outweigh the advantages mentioned.

Should the plant be double the size required for U.K. spent fuel and used to reprocess foreign fuel?

The financial advantages of having a plant to reprocess foreign fuel on the basis intended by BNFL are plain. There is the additional advantage that planning permission, a start on THORP and the receipt of foreign fuel for reprocessing would do something to relieve the pressure on non-nuclear-weapon states to develop their own facilities.

It would also demonstrate that this country intends to honour at least the spirit, and as I think the letter, of its obligations under the NPT. This could well be an advantage in negotiations over the period when THORP is building, to strengthen the NPT.

Furthermore, the existence of substantial reprocessing facilities in one or more nuclear-weapon states is a necessity to deal with fuel which fails in reactors or deteriorates in storage.

The disadvantages of accepting and reprocessing foreign fuel are also clear. It will involve additional routine emissions, additional storage of spent fuel pending reprocessing, additional highly active waste to dispose of and, which was chiefly relied on, additional movements of plutonium in some form, and the putting of non-nuclear-weapon states nearer to the bomb.

These disadvantages appear to me to be clearly outweighed by the advantages. The risks from the additional routine emissions are very small; the additional storage presents no significant risk and certainly no greater risk than would be involved in the storage for prolonged periods of U.K. spent fuel.

The total highly active waste from reprocessing of U.K. and foreign fuel combined will contain only a fraction of the plutonium which would be contained in U.K. fuel alone if such fuel were disposed of without reprocessing; the risks from the movement of plutonium can be largely dealt with by technical fixes.

The one substantial objection which appeared to met to arise is that the separation of plutonium and its supply to non-nuclear-weapon states will put them nearer to the bomb.

Since, however, this matter can be alleviated to some extent by technical fixes; since it will not in any event happen for 10 years; and since a refusal to accept foreign fuel would be in breach of the spirit if not the letter of the NPT and would put pressure on non-nuclear-weapon states which could lead them to produce their own plutonium long before they could receive any from THORP I cannot regard this as an overriding objection.

It is also important to remember that unless foreign business on the required scale can be obtained BNFL would not proceed with the plant as presently proposed.

To meet U.K. needs only would require a smaller plant and the whole concept would have to be the subject of reconsideration and re-design.

This would be likely to involve an undesirable delay in starting on reprocessing of U.K. fuel. It would also mean that when further capacity was required we should, instead of having it available at the cost of foreign customers, have to finance it ourselves.

In the light of the above I would answer the third question in the affirmative.

Mr. Justice Parker follows his reasoning to the three questions with a number of recommendations.

They include:

- An independent person or body should vet security precautions at Windscale and during transit of plutonium from the plant.
- BNFL should develop techniques for removing and retaining krypton 85 for future use in the plant.
- Permanent arrangements for "whole body" monitoring of local people should be instituted.
- There should be an adviser to central government on the fixing of radiological protection standards.
- A single inspectorate should be responsible for determining and controlling all radioactive discharges.
- There should be more monitoring of atmospheric discharges.
- There should be a comprehensive annual survey of all discharges.
- BNFL should do more to ensure that safety precautions and operating procedures at Windscale are sufficient for all eventualities and are continually rehearsed.
- It is essential that people involved in the Windscale emergency plan should be aware of their responsibilities.
- The local liaison committee should be reorganised.
- Fuel flasks should continue to be delivered to Windscale by rail as far as possible.

The Windscale Inquiry: Report by Mr. Justice Parker. Stationery Office, £3.75.

Mr. Justice Parker: unequivocal approval for the project

Elaborate system protects public and environment from radiation

ANY aspects of the risks inrent in radiation discharge ring the routine operation of proposed plant, ranging from ssible contamination of Manester water supplies to danger Isle of Man potatoes and llops, are covered in a chapter the report.

Justice Parker points out that ere is, nationally and internationally, an elaborate structure protect the public and the vironment from harm from liation.

BNFL's intentions are that ximum doses to workers and blic alike shall be very much er than the basic limits. They that the dose to workers ll be limited to 1 rem per um and that the dose to indual members of the public m total discharges from all rocessing operations, both ORP (Thermal Oxide Reprocing Plant) and magnox, ll be kept to about 50 rem annum.

Accident

The dose to workers of 1 rem annum is the equivalent of ularly smoking three cigars a week and one-fifth of the of accidental death in the in question. BNFL's intens with regard to the public lve a risk 30 times lower this.

A member of the public lving the intended maximum will therefore be 100 times likely to die in an accident me sort in the year in which eceives it than to die years from cancer as a result of it.

He will be about 10 times likely to die of leukaemia natural causes and, if he larly smokes 10 cigarettes a he will be 500 times more y to die from that cause from emissions from RP and magnox combined.

The annual risk from this e will be about the same as involved in travelling 250 by car or being a male 60 for 1 hour 40 minutes."

Justice Parker says that if nt estimates are correct, and NFL fulfils its intentions, it s impossible to suggest that substantial numbers of the c or of workers would d the risks as intolerable.

s to workers, Mr. Adams, nal Officer of the Electrical, ronic, Telecommunications Plumbing Union, and Chairof the Trades Union side of 's Joint Industrial Council, evidence before me and was in favour of the proposals. s clear that he was speaking a considerable knowledge e subject, in particular of 's previous record.

s to the public, I find it lt to believe that there are perhaps any, so lacking nerosity, that they would refuse to accept the risk involved if to accept it would provide some demonstrable benefit even if that benefit were small.

"Indeed even if BFNL's intentions failed to such an extent that members of the public received the full permitted limit I would have a similar difficulty.

"It is possible, I suppose, that there are people who would say that although they were, each year, 10 times more likely to die of some accident, they found such a risk intolerable and would rather the benefit were denied than accept it. I do not believe there can be many such people.

"Accordingly, if current estimates are right and BNFL's intentions are fulfilled, or even if a combination of errors in the estimates and a failure in BNFL's intentions resulted in the risk being 10 times higher than I have assumed, my own opinion would be that the risk would be tolerable, so far as workers and individual members of the public are concerned," he says.

On July 28, 1977, Mr. J. Urquhart for the Windscale Inquiry Equal Rights Committee (WIERC) suggested that 2½m. people in Manchester, which draws its water from the Lake District, might be receiving a significant amount of radioactivity as a result of a build-up in certain lakes of tritium discharged from Windscale.

BNFL had been sampling the water of four of the lakes, Wastwater, Ennerdale, Derwentwater and Loweswater for tritium for some years and found the levels to be below the level of detection. But they had not sampled Thirlmere, Haweswater, Ullswater or Windermere, which are the sources of supply for the Manchester area.

"At my request all four lakes were sampled by BNFL. By the following day BNFL were able to report the result of a test of Thirlmere. No tritium was detectable." Justice Parker says.

In the time available, it would have been possible to detect down to 1/10,000th of the amount presently regarded as permissible in drinking water for continuous use. It followed therefore that such tritium as was present in Thirlmere was less than 1/10,000th of that level.

"Put in simple terms, it would mean that a person could drink something in the order of 10,000 litres of Thirlmere every day without reaching the internationally accepted dose limit. The same position prevailed with regard to the lakes which BNFL had been testing previously.

"The following day, results from the other lakes which Manchester draws its supplies and from Coniston Water, Bassenthwaite Lake and Thirlmere (retest) were reported to me. By using longer times for analysis it had been possible to ascertain that in all cases the tritium content was even lower than that first reported for Thirlmere although again no tritium was actually detectable.

"Samples were also taken from certain lakes and rivers including Haweswater and Thirlmere by the North West Water Authority (NWWA) and analysed for them by the Government Chemist. In all cases the results showed that the tritium present was even lower than the maximum possible levels ascertained by BNFL in the earlier tests.

"I had and have no hesitation in concluding that the Manchester population have no cause for alarm whatever in this matter. They may also be comforted to know that the NWWA regularly monitor for radioactivity in water supplies, and have been so doing since, at least, 1959." Justice Parker says in his report.

In his evidence for IOM, Dr. Bowen raised the possibility of plutonium and americium discharged to the Irish Sea from Windscale returning in significant quantities to man through the contamination of seaweed later to be used as a fertiliser.

Ashley Ashwood

Mr. Peter Shore, Environment Secretary, examining the report last night.

Potatoes

"I requested the IOM Government to have samples of seaweed, soil and potatoes taken and analysed. Such samples were taken and they were tested.

"As they were 'one-off' samples they clearly could not indicate whether or not there was any build-up occurring but they did show that there was no cause for any alarm," Justice Parker says.

Counsel for IOM observed that, to reach the internationally recommended dose limit for eating potatoes grown in soil dressed with seaweed for two years, a man would have to eat 30 tons of such potatoes per day. He stated: "There is no danger from these potatoes."

The question of sampling the scallops from the Isle of Man for plutonium and americium also arose from the evidence of Dr. Bowen. He suggested that only a small revision in the ICRP limits would put the whole scallop fishing industry in jeopardy. In contrast to the case with seaweed, soil and potatoes, the IOM had already asked Dr. Bowen's laboratory to analyse samples of scallops but some of the results were not available at the time when he gave evidence.

"When Dr. Bowen's final results arrived on the 93rd day of the proceedings they showed that, on the basis of the nuclide concentrations measured, about 50 lbs of scallops could be eaten daily without the ICRP limits being exceeded. Dr. Bowen's fear that even a small revision of the ICRP limit would put the scallop industry in danger is therefore without foundation," the report says.

COSTS OF PROCESSING TO ELECTRICITY AUTHORITIES

	Cost of reprocessing including vitrification of waste		Cost of long-term storage only		Long-term storage followed by reprocessing to recover uranium and vitrification of waste (after credit for recovered uranium)
	Using THORP as proposed	Using smaller plant dealing with home arisings and existing foreign commitments only	Wet storage	Dry storage	
	£ per tonne	£ per tonne	£ per tonne	£ per tonne	£ per tonne
cost	260,000	315,000			
for ...vered ...ium	60,000	60,000			
	200,000	255,000	150,000	225,000	615,000

At uranium price $30 per pound.

Questions of nuclear 'morality'

THE report has considered public reaction to the proposed Windscale venture.

"That there exists in some proportion of the public a degree of hostility to, or anxiety about, nuclear power, and thus reprocessing, is beyond all doubt," says Justice Parker.

He says that he was unable to assess with any accuracy, however, the strength of the hostility or anxiety and in what proportion of the public it existed.

"I doubt whether such matters are in fact capable of any assessment for the hostility and anxiety stem from a great variety of matters and vary in strength from person to person. In some cases anxiety and hostility can be dispelled by greater knowledge, in others they may be increased, while in yet others they will remain.

Much of the opposition to nuclear power appeared to be based on sincerely held moral grounds. Among opponents, there was a tendency to suggest that supporters of nuclear power were acting in an immoral way.

That attitude was plainly unsustainable for "it is clearly possible to hold an equally sincere belief that reprocessing is necessary on moral grounds."

Justice Parker cited arguments that reprocessing could be justified if we could lessen the amount of plutonium that future generations might be exposed to.

Another possibility was that reprocessing could help avoid the possibly greater harm to both present and future generations.

The report goes on: "If we can, by using nuclear power, save society in 20 years' time from the troubles that would follow upon a reduction in living standards; if at the same time even a modest number of the unemployed can obtain employment, and if this can be achieved at the cost of an insignificant exposure of ourselves to radiation, it may be that support is the moral answer."

Ban on reprocessing would be 'imprudent'

MR. JUSTICE PARKER says in a chapter on proliferation that the possible effect of the building of the Windscale plant upon the spread of nuclear weapon capability had been much canvassed during the enquiry.

It had formed the main ground upon which friends of the Earth had submitted that a decision should be delayed at least ten years.

The report says: A nuclear bomb can be constructed with the grade of plutonium recovered by reprocessing. A country, which had in its hands such plutonium, could produce a bomb or bombs more rapidly, and with less risk of its actions being detected in time for international diplomatic pressure to be exerted, than if it had no such plutonium.

It was submitted, therefore, that if THORP were built and used to reprocess foreign fuels, and if the recovered plutonium were returned to the countries concerned, this must inevitably increase the proliferation risks.

This argument does not apply to the reprocessing of U.K. fuel, both because we already have a nuclear weapon capability and because the plutonium already recovered and yet to be recovered from magnox fuel is enough to manufacture a great number of bombs.

Nor does the argument apply to the reprocessing of fuel from, and return of the recovered plutonium to, countries which like ourselves, are already nuclear weapon powers.

It is, however, contended that, even if THORP were used wholly for the reprocessing of fuel from U.K. reactors and from nuclear weapon powers, it would still indirectly increase the risk of proliferation on the grounds:

- that the plutonium might be stolen while in transport;
- that, if the U.K. were to embark on reprocessing, it would be difficult if not impossible to prevent other countries also doing so, with the result that they would then be in a position to more rapidly to the creation of nuclear weapons.

The contrary argument is

- that the reprocessing of foreign fuel would lessen the incentive of the countries sending fuel for reprocessing to develop their own reprocessing facilities;
- that, if the plutonium were returned in the form of fuel rods, after brief irradiation to make them dangerous to handle, this would both practically eliminate the risks of theft in transport and render reprocessing of the irradiated fuel rods necessary before weapon material would be available.

This would, it was argued, be preferable to driving other countries into developing their own reprocessing facilities.

Mr. Parker argues that even if there is an international agreement not to reprocess nuclear fuel commercially it would not follow that the Windscale plant would be redundant.

In his view, it would be imprudent, even irresponsible, if the world were to accumulate ever larger stocks of spent fuel without facilities being available to reprocess considerable quantities of that fuel.

> "A country which depends for its nuclear reactor fuel supplies on imports, is in a vulnerable position both financially and politically."

Referring to President Carter's stance on reprocessing, Mr. Justice Parker said: "It is clear that when the President was acknowledging the right of countries such as ours to continue reprocessing, he referred to reprocessing for home use of the plutonium only.

"It would be absurd to object to the export of reprocessing capability to nations which do not have it, but to have no objection to the export of plutonium itself.

"Nevertheless it appears to be clear that the building of THORP itself would not be counter to U.S. policy so long as no plutonium produced by it was exported. So limited there would be no direct increase in proliferation risks.

"If the use of THORP were not so limited and plutonium were supplied to non-nuclear-weapons states it would not be so supplied until, at the earliest, 10 years from now, for THORP would not be operative until then.

"The effective risk would thus be a risk of increased proliferation, at the earliest, in 10 years time.

"In the meantime the incentive to customers to develop their own facilities would be reduced by the knowledge that they could send their spent fuel here, have it reprocessed and have the plutonium required for fast breeder programmes returned to them, either as plutonium or in the form of fuel rods.

"The civil incentive to reprocess is the achievement of resource independence, for a country which depends for its nuclear reactor fuel supplies on imports, is in a vulnerable position both financially and politically.

"The disadvantage of becoming too dependent on importing oil supplies has been all too effectively demonstrated in recent years and it was submitted to me that, under present circumstances, countries with no reprocessing capabilities could be forced to stop the development of such capability, if the countries upon whom they relied for uranium supplies or enrichment services joined in withholding supplies from them.

"Such a sanction is undoubtedly a powerful one. It could also be used to enforce the acceptance of policies other than non-proliferation.

"Limitation of reprocessing would prevent the resource independence which is legitimately sought by nations without their own supplies.

"Furthermore if, at the same time as foregoing reprocessing, such nations were to send their spent fuel to the U.S. (or to other nations with an existing capability) for storage, they would be depriving themselves of an existing capability to become resource independent.

"If the spen fuel is retained the possibility of so becoming remains."

Referring to the Friends of the Earth submissions about the interpretation of the Treaty on the Non-Proliferation of Nuclear Weapons, Justice Parker said he found their argument unsustainable.

The treaty was a straightforward bargain. The essence of the bargain was that the nuclear weapon states would afford every assistance to non-nuclear weapon states in the development of nuclear energy in exchange for the non-nuclear weapon states refraining from making or acquiring nuclear weapons.

This bargain must have included the development of reprocessing by the nuclear states.

Terrorist risks

MR. JUSTICE PARKER makes no finding in his report about the case with which a crude nuclear device could be made by terrorists but he accepts the view of the Royal Commission on Environmental Pollution that it is credible.

He points out, however:

- That although plutonium has been produced and moved both intra- and internationally for more than 25 years there has not been any known terrorist abstraction or threat.
- There are technical methods that could all but eliminate the threat of plutonium theft and subsequent construction of nuclear bombs
- There is no evidence at present that the safeguarding of plutonium has constituted any undue interference with civil liberties.

He could see no reason to suggest that permission for the plant should be refused either on security or civil liberty grounds. Matters such as protection against terrorism and the effect of such precautions upon civil liberties were of concern.

But he did not accept that there should be an inquiry into them

Plutonium facts and fallacies underline safety problem

MR. JUSTICE PARKER included in his report a list of truths and untruths current about plutonium "because it was apparent to me that there exists much misunderstanding about it."

Untruths

It is not true that plutonium never existed until man made it. It was stated on behalf of one party at an early stage in the case that God never made plutonium.

Later, that party's own expert witness accepted that the existence of a natural nuclear reactor, which had made plutonium in the long distant past in Gabon had been established.

To talk of the creation of plutonium as "man's bargain with the devil" or "the Faustian bargain" is therefore no more than emotive nonsense.

It is not true that plutonium is highly radioactive.

It is not true that plutonium has only two uses, making bombs and making electricity commercially. Plutonium 238 is used within the body as the power source for heart pacemakers.

It is not true that in all circumstances very small amounts of plutonium are lethal. Insoluble particles when inhaled certainly are hazardous in small quantities. Considerably larger amounts could be eaten without appreciable harm.

It is not true that plutonium is safe only when protected by massive shielding. It could be sat on safely by a person with no greater protection than, as Professor Fremlin put it, "a stout pair of jeans."

It is not true that plutonium is the most toxic substance known to man. Numerous radionuclides are more toxic than plutonium 239 if present in food or water.

It is not true than an escape of plutonium would be a unique disaster. The damage done, for example, by the breaking open of a tanker of chlorine of the size which regularly travels by road and rail would be a great deal more damaging than the breaking open of a container of spent fuel with its plutonium content.

Truths

It is true, however:

That plutonium is a bomb-making material.

That if plutonium reaches a critical mass there will be a chain reaction and thereby the creation of highly active fission products.

That in certain circumstances plutonium is very dangerous to man.

That plutonium, if released into the environment, persists for a very long time. That, as a result, stringent precautions are necessary to prevent plutonium falling into the wrong hands, from reaching critical masses and from returning to man over the long period of its life.

That, as was readily accepted by Friends of the Earth, it is in everyone's interest to find as safe as possible a resting place for atomic waste, whether in the form of spent fuel containing plutonium or in the form of glass blocks.

There was much stress laid on out obligations to future generations to find a safe resting place for our waste rather than leave it for them to do so.

Resistance to such attempts is neither in their interests nor in our own. It whatever form the waste is to be, it is likely to be safer in deep holes in stable geological formations than preserved in above ground storage.

AMERICAN NEWS

Beatrice Foods bids for Tropicana

BY JOHN WYLES

NEW YORK, March 6.

BEATRICE FOODS, America's largest food producer, appears to have carried off the prize which three times eluded the Kellogg Company by reaching tentative agreement for the purchase of Tropicana Products Inc.

The deal, worth $490m. in cash and stock is one of the largest acquisitions so far this year. Tropicana is a Florida-based producer of fruit juices which has been the centre of interest for a number of acquisition-minded companies. However, Kellogg seemed the most likely to succeed for the last three years until talks failed at the third attempt last August.

Beatrice Foods' financial strength is one of the most highly-rated in the country. The company has achieved substantial growth since the 1950's through expansion and diversification. With around $6bn. of sales last year, it is expected to report its 26th consecutive year of increased earnings. Among the many virtues perceived by analysts is the highest return of stockholders equity in the food industry—16.7 per cent. in 1976 compared with 10.5 per cent. for Kraft and 12.8 per cent. for General Foods.

The proposal agreed between the two companies is subject to the agreement of stockholders and to a favourable tax ruling. However, insiders control 35 per cent. of Tropicana's stock and those with a 15.4 per cent. holding have agreed to sell to Beatrice for $52 in cash "whether or not the proposed merger is consummated."

The agreement provides that Tropicana's 3,674 stockholders would exchange each common share for either $52 or Beatrice convertible Preferred stock. But the number of shares to be exchanged for cash would not be more than 48 per cent. nor less than 40 per cent. of the 9.4m. Tropicana shares outstanding.

On the basis of Tropicana's current share price and past earnings, Beatrice is willing to pay a considerable premium for its prize. Tropican's closing price on the New York Stock Exchange on Friday was $33.875 a share giving a valuation of around $318m. Moreover, Beatrice's offer is more than 21 times the $2.39 a share earned by Tropicana in 1977. This is almost certainly the highest premium attached to earnings in any major requisition of the last 12 months.

The last exchange of stock offer proposed by Kellogg in July 1977 valued Tropicana at $344m.

In common with Beatrice, Tropicana has an impressive growth record and has achieved an average 30 per cent. increase in profits for each of the last ten years. Earnings for the fiscal year ended August 31, 1977, leaped 42 per cent. to $22.5m. on sales of $244.6m. This high-flying performance was maintained in the 13 weeks ended November 27, when earnings were 60 per cent. up on the same quarter in 1976.

In addition to the offering price, another factor which must have appealed to Tropicana directors was Beatrice's operating structure which lays great emphasis on decentralisation. One of the company's proud boasts is that its entire manufacturing empire of dairy and soft drink products, grocery products, speciality meat products, confectionary and snack products and chemical and allied products is all administered with a headquarters staff numbering few more than 200 people.

Further upturn at Heinz

PITTSBURGH, March 6.

THE BOARD of H. J. Heinz, the food group, has repeated its optimistic forecast for the current year following the announcement of further gains in sales and earnings in the third quarter. At the nine-month stage, earnings are 20 per cent. higher at $63.2m. or $2.68 a share against $2.21. Sales show a 14 per cent. increase at $1.54bn.

The company announcement says that it plans to continue its sales and earnings gains this year. For the previous year Heinz turned in net earnings of $83.2m. on sales of $1.87bn.

For the current third quarter, Heinz reports a 15 per cent. gain in earnings at $19.9m., or 85 cents to 73 cents a share, on sales increased by 19 per cent. to $523.6m.

Commenting on the increased third quarter earnings, the vice chairman Mr. R. Burt Gookin said the results "were gratifying as nearly half the gains in sales were related to volume increases." AP-DJ

Puerto Rico to seek Corco transfer

SAN JUAN, March 6.

THE Puerto Rican Government intends to petition this week for transfer to San Juan of a bankruptcy filing in San Antonio, Texas, by Commonwealth Oil Refining Company (Corco), the island's major supplier of petrol and petroleum products.

Secretary of State Sr. Reinaldo Paniagua said papers will be filed in Texas soon. Corco owes the Puerto Rican Government a projected $54m. in $2 per barrel oil import licence fees. It has filed for protection under Chapter II of the U.S. Bankruptcy Act.

Corco also owes the Puerto Rican Government Development Bank $13m. and at least another $340m. to banks, Gulf Oil, and Exxon.

Sr. Paniagua said, "the Government will keep a close watch" for any potential buyers of Corco's refinery on the island.

He said that Ashland Oil had been a prospective buyer, but that talks ended several weeks ago after nine months of negotiations. Sr. Paniagua said that at this point the sale of Corco "is a long shot." AP-DJ

Greyhound earnings may reach record

NEW YORK, March 2.

GREYHOUND COPORATION expects that 1978 net income will meet or exceed the previous record of $82.5m. or $1.88 a share earned in 1977, Gerald H. Trautman, chairman, said to-day.

Net income for 1977 was struck after a special gain of $12m. and a charge of $10m.

Mr. Trautman said that the planned acquisition of Verex Corporation, announced last month will contribute about 8 cents a share to Greyhound's 1978 net income after all financing costs.

Greyhound's tender offer for Verex at $30 per share is scheduled to expire later this month unless extended.

Clifton Cox, chairman of the Armour and Co. unit, said that because the fresh meat industry is susceptible to fluctuations, the company plans to reduce its emphasis on fresh meats in favour of the processed meats business.

James Kerrigan, chairman of Greyhound Lines and head of the transport, services and food service groups, said the services group, which had 1977 earnings of $5.8m. compared with $9.2m. in 1976 because of non-recurring adjustments and reduced tourism in Southern Florida, expects a 30 per cent. earnings increase in 1978. Agencies

Canadian Pacific 'may quit Quebec'

By Victor Mackie

OTTAWA, March 6.

MR. IAN SINCLAIR, chairman of Canadian Pacific (CP) has warned that if Quebec's separatist-oriented Parti Quebecois Government tries to force it to operate CP headquarters in Montreal in the French language he will move the offices out of that province.

They have been there for nearly 100 years. However, when the Quebec legislature was considering Bill 101, Mr. Sinclair submitted a brief and later gave interviews in which he said the Canadian Pacific head office could not continue to do business in Montreal if all provisions of the Bill were applied.

Mr. Sinclair in a television interview has now repeated that position. He said there are two factors to be considered. First he doubted the Quebec Government had the jurisdiction to control the language that the company uses at its head office, which is English and will continue to be English.

"We are a trans-national corporation and we could not operate our head office in French" said Mr. Sinclair. He was asked if he would contest it in court and continue to operate, or take the route followed by Sun Life recently and pull out of Quebec.

"We would contest it," he said.

CP Rail has already moved its financial operations to Toronto because Toronto replaced Montreal as the country's financial centre, Mr. Sinclair said. He doubted that Montreal could ever regain its position as Canada's financial centre.

AMERICAN QUARTERLIES

AMER. MEDICORP

Fourth Quarter	1977 $	1976 $
Revenue	119.3m.	87.0m.
Net profits	4.8m.	3.5m.
Net per share	0.51	0.37
Year		
Revenue	466.3m.	389.4m.
Net profits	19.8m.	15.8m.
Net per share	2.10	1.64

CANADIAN IMP. BK. of COMM.

First Quarter	1978 $	1977 $
Revenue	675.9m.	599.9m.
Balance	42.42m.	33.82m.
Net per share	1.22	0.97

GULF & WESTERN

Second Quarter	1978 $	1977 $
Revenue	1.0bn.	877.7m.
Net profits	40.4m.	35.2m.
Net per share	0.79	0.68
Six Months		
Revenue	2.0bn.	1.8bn.
Net profits	79.5m.	89.1m.
Net per share	1.55	1.74

HARSCO CORP.

Fourth Quarter	1977 $	1976 $
Revenue	179.7m.	182.6m.
Net profits	12.7m.	11.6m.
Net per share	[illegible]	1.20
Year		
Revenue	682.9m.	593.4m.
Net profits	43.2m.	38.0m.
Net per share	4.49	4.01

PITTSTON

Fourth Quarter	1977 $	1976 $
Revenue	354.4m.	425.9m.
Net profits	15.7m.	43.2m.
Net per share	0.42	1.15
Year		
Revenue	1.4bn.	1.4bn.
Net profits	50.2m.	146.4m.
Net per share	1.90	3.01

Swiss franc bond quotas

BY JOHN WICKS

ZURICH, March 6.

FOREIGN investors will be allowed to subscribe for 35 per cent. of all foreign bond issues, private placements and syndicated bank loans made by foreign borrowers in Switzerland. The remaining 65 per cent. will have to be placed with Swiss residents. This quota is in line with market expectations and is the same as applied in 1972-74.

Announcing these measures today, the Swiss National Bank also said that it was lifting the ceiling on Swiss franc bond issues for foreign borrowers — this had been set at Sw.Frs.580m. for the January-February period.

These details amplify the measures to prevent inflows announced a week ago. Foreign investment in domestic issues has been completely banned.

The Swiss National Bank communique, which was sent out to Swiss banks over the weekend, also confirmed that there is a total ban on secondary market purchases of Swiss foreign bonds, placements or letters of credit by foreign investors.

Swiss banks have also been forbidden to sell sub-participations to foreign banks in loans approved by the National Bank before March 3.

The new regulations specify that issues made by foreign borrowers to replace issues which are maturing (so-called "conversion" issues) will be treated rather more leniently: foreigners will be allowed to participate to the same proportion as their investment in the security being replaced. The same principle applies to options (warrants) extensions, consolidations and refinancing transactions and in capital increases.

A commentary to the new rules issued by the Swiss National Bank stresses that, unlike the investment restrictions in force from June, 1972, to February, 1974, the new ban applies to all persons and companies resident or with headquarters outside Switzerland, with the exception of Swiss nationals.

Foreign-controlled companies based in Switzerland are considered as foreign if they have no premises or responsible staff of their own in Switzerland or where they are active in portfolio management business. The same rules apply to the principality of Liechtenstein.

The commentary specifically bans such avoidance moves as the exports of domestic securities for the purpose of sales to foreigners or participation in transactions involving third parties acting on behalf of foreigners.

The issue of new certificates of Swiss investment funds of whose assets at least 80 per cent. is invested abroad is free from the ban but not the secondary market purchase of certificates already issued. Foreign borrowers' bonds and notes denominated in Swiss francs and in the portfolio of Swiss investment funds can be regarded as foreign investments insofar as their issue or placement has been approved by the national bank. Participations in domestic companies, foreigners issuers' shares and bonds listed in Switzerland but not denominated in Swiss francs. Swiss banks' certificates for U.S., U.K. and Italian shares and shares of the Bank for International Settlements denominated in gold francs are also among securities not subject to the investment ban.

● A spokesman for the Bank for International Settlements in Basle said to-day there would be no advantage in central banks' moving Swiss-franc deposits to BIS since the latter could do nothing the central banks could not themselves do: that is, shift the funds into Euro-Swiss market or into other currencies. Owing to BIS secrecy rule, there is no indication available as to whether a major move of funds into the Basle institute has taken place.

Amro Bank improvement

BY CHARLES BATCHELOR

AMSTERDAM, March 6.

AMSTERDAM-Rotterdam Bank, Holland's third largest banking group, expects its result to improve markedly in the first half of the current year. This follows a considerably better performance in the second half of 1977 than in the first.

For the year as a whole, the bank reported a 15.3 per cent. increase in net profits to Fls.212.5m. ($98.8m.) and an 18.8 per cent. rise in its balance sheet total to Fls.59.5bn. ($27.7bn.).

Amro's interest margins increased in the second half of 1977 from the low level in the first half, the bank said in its 1977 annual report.

Eurocurrency business grew at a faster rate than the bank's basic business. The Dutch Central Bank's credit restriction which took effect last year meant that the bank toned down its mortgage and instalment credit lending activities.

Basic lending activity (excluding Euromarket activity) nevertheless rose 19.3 per cent. Short-term lending to private customers rose, but business lending showed little growth. Medium-term lending growth came largely from mortgage lending (up 33 per cent. to Fls.4.9bn.) and the instalment credit sector. The growth in business lending came largely from small and medium sized firms.

The sluggish rate of economic growth in 1977 meant that the banks only temporarily came up against their credit ceiling with the Central Bank. It is clear, however, that the Central Bank intends its controls to remain in force for some time in order to reduce liquidity in the economy.

The bank plans to raise its authorised capital to Fls.1bn. from Fls.594m.

Foreign banks in Spain

BY CHARLES DAWSON

MADRID, March 6.

SPAIN'S Finance Ministry is nearing the completion of a law which would allow foreign banks to operate in Spain with a reported capital of Pts.1.5bn. ($19m.). While there was no official confirmation here to-day as to when and under what exact conditions foreign banks would be allowed to enter into Spain, banking sources said that it would probably be soon and that conditions attached to entry would be extensive.

The proposed decree would stipulate that foreign banks can only open one branch in Spain and profits cannot be repatriated for the first three years.

Ever since last June after Spain's first free general elections in 41 years, there have been reports that the entry of foreign banks was eminent. The Government is aware that with the liberalisation of the economy such a move is inevitable. But it has been under pressure from Spanish banks to delay the entry and to initially impose almost prohibitive conditions.

EUROBONDS

D-Mark sector active

BY FRANCIS GHILÈS

THE DOLLAR sector was very quiet yesterday while the sterling sector was described as dull.

Some banks were reporting fairly heavy turnover in the Deutschemark sector with prices seesawing during the day. The DM.200m. Venezuela bond was priced at 101 by lead manager Westdeutsche Landesbank. The same bank is expected to price Tauernautobahn to-morrow. This is earlier than expected but demand is understood to have been very strong indeed.

The tightening of rules in Switzerland and the outflows that will result point to a greater number of issues in yen and guilders.

Some dealers said Norway is floating a Fls.100m. five-year note carrying a coupon of 6¼ per cent. and an issue price of 99½ through a group of banks led by Algemene Bank Nederland.

MEDIUM-TERM LOANS

Another loan for Sonatrach

By Francis Ghilès

THE Algerian state oil company, Sonatrach, is back in the market for a major loan for the first time in many months. It is raising $250m. for seven years on a spread of 1¾ per cent. throughout. Other terms include a three-and-a-half year grace period, and a guarantee from Banque Nationale d'Algerie. Six banks are jointly leading this operation: Citicorp, which is also agent, Bank of America, Arab Petroleum Investments Corporation, Bankers Trust, Bank of Montreal and Continental Illinois.

This loan will complement financing expected to be obtained from Eximbank in Washington for the next major natural gas liquefaction project known as GNL2 which is being built in Arzew, in eastern Algeria. The total cost of this project is about $3bn. The first gas liquefaction project in Arzew, known as GNL1, was inaugurated two weeks ago.

The terms of the current loan confirm that Algeria is succeeding in getting finer terms on the money it raises in the international markets. Last week a $48m. seven-year loan for the state steel company, SNS, was signed. Joint lead managers are Banque Européenne de Crédit and Dai-Ichi Kangyo Bank. The higher terms, similar to those Algerian borrowers have been paying for the past 18 months, reflect the fact that the loan was negotiated last autumn.

This is similar to another loan for Sonatrach signed last week by lead manager, Algemene Bank Nederland: $33m. for seven years on a spread believed to be 1½ per cent.

Two other loans for Algeria are currently in the pipeline. They are most likely to carry terms similar to those of the $250m. for Sonatrach.

Two Gulf borrowers are also in the process of arranging loans on substantially finer terms than they had been able to get a few months ago. The Emmirates Telecommunications Corporation is raising a $100m. for eight years on a split spread of ⅞ per cent. for the first two years and ¾ per cent. thereafter.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS

	Bid	Offer
Alcan Australia 9½pc 1989	96½	96¾
AMEV 8pc 1987	96	96½
Australia 8½pc 1992	94½	93¾
Australian M. & S. 9½pc '92	95	95½
Barclays Bank 8½pc 1992	96½	97¼
[illegible] 9½pc 1992	97	[illegible]
Can. N. Railway 8½pc 1986	93½	95½
[illegible] National 8½pc 1990	97½	98
Denmark 8½pc 1984	100	100½
ECS 9pc 1993	[illegible]	99½
[illegible] 8½pc 1992	97½	98½
EIB 9pc 1992	97½	98½
EMI 9½pc 1989	98	98½
Ericsson 8½pc 1989	94½	94½
Esso 8pc 1986 Nov.	100½	101
Gt. Lakes Paper 8½pc 1984	98½	100
Hamersley 9½pc 1992	100½	101
Hydro-Quebec 9pc 1992	94½	94½
ICI 8½pc 1987	96½	97½
ISE Canada 9½pc 1986	101	101½
Macmillan Bloedel 9pc 1992	96½	97½
Massey Ferguson 9½pc 1991	96½	97½
Michelin 9½pc 1988	101½	102½
Midland Int. Fin. 8½pc 1992	94½	95
Natl. Coal Board 8pc 1987	94½	95½
Natl. Westminster 9pc 1986	101½	102½
Newfoundland 9pc 1989	100	100½
Norges Kom. Bk. 8½pc 1992	96	96½
Norpipe 8½pc 1989	95½	96
Norsk Hydro 8½pc 1992	94½	94½
Oslo 9pc 1988	100½	101½
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1993	96	96½
Prov. Saskatch 8½pc 1986	97½	100½
Reed International 9pc 1987	90	91
RHM 9pc 1992	97	97½
Selection Tst. 8½pc 1989	90½	91½
Skand. Enskilda 9pc 1991	96½	97
SKF 8pc 1987	92½	92
Sweden (K'dom) 8½pc 1987	95½	96½
United Biscuits 9pc 1989	99½	99½
Volvo 8pc 1987 March	92	92½

NOTES

	Bid	Offer
Australia 7½pc 1984	95½	96
Bell Canada 7½pc 1987	94½	95
Br. Columbia Hyd. 7½pc '85	94½	95½
Can. Pac. 8½pc 1984	99½	100
Dow Chemical 8pc 1986	96½	97½
ECS 7½pc 1982	97	97½
ECS 8½pc 1989	95½	96½
EEC 7½pc 1982	97½	97½
EEC 7½pc 1984	97½	96½
Enso Gutzeit 8½pc 1984	94½	97½
Gotaverken 7½pc 1982	94½	94½
Kockums 8pc 1983	95	95½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	100½	101½
New Brunswick 8pc 1984	97½	98
New Bruns. Prov. 8½pc '83	100½	101½
New Zealand 8½pc 1983	94	95½
Nordic Inv. Bank 7½pc 1984	94½	95
Norsk Hydro 7½pc 1982	96½	97½
[illegible]	[illegible]	[illegible]

STERLING BONDS

	Bid	Offer
[illegible]	[illegible]	[illegible]

	Bid	Offer
EIB 9½pc 1989	99½	100½
EIB 9½pc 1992	97½	98½
Finance for Ind. 9½pc 1987	98	98½
Finance for Ind. 10pc 1989	98½	99
Fisons 10½pc 1987	100½	101½
INA 10pc 1988	97½	98½
Rowntree 10½pc 1988	97½	98½
Sears 10½pc 1988	97½	99½
Total Oil 9½pc 1984	97½	[illegible]

DM BONDS

	Bid	Offer
BFCE 5¾pc 1985	100½	101½
FNDE 6pc 1986	98½	99½
Denmark 5½pc 1984	100½	101½
EIB 5¾pc 1990	98½	99½
Euratom 5¾pc 1987	100½	101
Eurofima 5¾pc 1986	100½	101
Finland 5½pc 1986	99½	100½
Forsmarks 5½pc 1989	100	100½
New Zealand 5½pc 1986	100½	101
Norcem 5½pc 1989	101½	102
Norway 4½pc 1983	101½	102½
Sears 6½pc 1988	102	102½
Sweden 6pc 1989	102	102½
TVO Power Co. 6pc 1989	99½	100½
World Bank 5½pc 1990	100½	101

FLOATING RATE NOTES

	Bid	Offer
Bank of Tokyo 1984 7 15/16pc	99½	99½
BFCE 1984 7pc	99½	99½
BNP 1983 8 1/16pc	99½	100½
CCF 1983 8pc	99½	100½
CGMF 1984 7½pc	98½	98½
Creditanstalt 1984 7½pc	99½	99½
Credit Lyonnais 1982 8pc	99½	100½
DG Bank 1982 7 15/16pc	99½	100½
GZB 1981 7½pc	100½	100½
Intl. Westmnstr. '84 7 15/16pc	99½	100½
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1982 8pc	100½	101½
Midland 1987 7 11/16pc	98½	99½
OKB 1983 7½pc	99½	100
SNCF 1985 8½pc	99½	99½
Std. and Chtrd. '84 7 11/16pc	99½	100
Wms. and Glyns '84 8 1/16pc	99½	100½

Source: White Weld Securities.

CONVERTIBLES

	Bid	Offer
American Express 4½pc '87	81	83
Ashland 5pc 1988	98	88
Babcock & Wilcox 6½pc '97	92	98
Beatrice Foods 4½pc 1992	91	93
Beatrice Foods 4½pc 1992	101	103
Beecham 6½pc 1992	92	93
Borden 5pc 1992	97½	99½
Broadway Hale 4½pc 1987	77½	77½
Carnation 4pc 1987	75	77
Chevron 5pc 1988	120½	122½
Dart 4½pc 1987	77½	77½
Eastman Kodak 4½pc 1988	77	79
Economic Labs. 4½pc 1987	78	79
Firestone 5pc 1988	78	80
Ford 5pc 1988	82½	84½
General Electric 4½pc 1987	79	81
Gillette 4½pc 1987	77½	79
Gould 5pc 1987	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

	Bid	Offer
J. P. Morgan 4½pc 1987	88	90
Nabisco 5½pc 1988	98	100
Owens Illinois 4½pc 1987	109	111
J. C. Penney 4½pc 1987	74½	76½
Revlon 4½pc 1987	104	106
Reynolds Metals 5pc 1988	79½	81½
Sandvik 6½pc 1988	108½	110½
Sperry Rand 4½pc 1987	81	83
Squibb 4½pc 1987	76½	77½
Texaco 4½pc 1988	75½	77½
Toshiba 6½pc 1992	104	105
Union Carbide 4½pc 1982	90	92
Warner Lambert 4½pc 1987	78	80
Warner Lambert 4½pc 1988	75	78
Xerox 5pc 1988	74½	76½

Source: Kidder, Peabody Securities.

هكذا من الأصل

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Swedish steel companies in talks on merger plan

BY WILLIAM DULLFORCE — STOCKHOLM, March 6.

THREE major Swedish companies are planning to merge their special steel operations. SKF, Uddeholm and Fagersta aim to establish within two months a joint company with 15 factories manufacturing stainless, alloy and tool steels. It would have a turnover of around $1bn. and 18,000 employees, of whom 4,400 work abroad.

The background to the merger plan is the heavy losses being made on Swedish special steel production and the abortive attempts to restructure the industry. Last year a Government investigator recommended a series of mergers, rationalisation moves and product swaps which would have involved the loss of 5,000 jobs within the sector.

In December the Government announced a scheme involving soft loans and guarantees up to Kr.1.3bn. ($282m.) as an incentive to the special steel manufacturers to get on with the restructuring of their industry. But Mr. Nils Aasling, the Minister of Industry, underlined that the Government was not prepared to invest any share capital, as it has done in Svenska Staal, the new Swedish commercial steel company.

It is estimated that SKF, Uddeholm and Fagersta lost over Kr.400m. on their special steel operations last year. The current merger plan does not involve SKF's much larger roller bearing production or Uddeholm's forest product and chemicals operations. Invitations are being sent to other special steel manufacturers, notably Bofors, the Avesta company owned by the Axel Johnson Group, and ASEA's Surahammar subsidiary to join the negotiations.

The three companies' merger scheme is being co-ordinated by professor Ulf af Trolle, Sweden's "company doctor" who also helped to establish Svenska Staal. Previous efforts to restructure the industry had failed because companies running at a loss had been asked to take over other losing units, Professor af Trolle says.

Under the new plan, the companies would invest assets rather than money, become part owners and be in a strong position to draw on the Kr.1.3bn. Government incentive scheme. The special steel sector would change from a collection of small producers into a medium-sized concern (by world standards) with an existing worldwide marketing organisation of some 4,000 people.

Mr. Lennart Johansson, managing director of SKF, said that larger production volumes would make economies of scale possible, "but we are still surfing on the top and we need a deeper analysis to tell us more about the details."

He suggested that this analysis should include the possibility of co-operating with Svenska Staal. It would be advantageous to have the metallurgical base for the special steel branch concentrated in one company.

Stora Kopparberg slump

BY OUR NORDIC CORRESPONDENT STOCKHOLM, March 6.

STORA KOPPARBERG, the Swedish steel and forest industry group, reports a Kr.227m. plunge in pre-tax earnings for 1977, from a profit of Kr.100m. to a loss of Kr.127m. ($27.6m.). Turnover also slumped by Kr.268m. to Kr.4.15bn. ($900m.).

The Board proposes to pay a dividend of Kr.7 a share, which is the same as for the previous year after adjusting for the one-for-two scrip issue last year. The 1976 dividend, however, had been cut to Kr.10.50 a share from Kr.12 in 1975.

The main reason for the downturn is the Kr.231m. operating loss on the steel side, a figure which more than doubled the loss recorded in 1976. Forestry sector operating income dropped from Kr.440m. to Kr.319m., a relatively strong performance compared with those of other Swedish pulp and paper concerns. The "other" operations improved operating income by Kr.88m. to Kr.189m. thanks to an increase in earnings by the power stations.

The preliminary reports gives no estimate of future profit trends, but Stora Kopparberg will unload its steel business this year to the new Swedish steel company, in which it will be a minority shareholder together with the State and Granges. This will reduce turnover but transform the balance sheet and leave the group with its still profitable forestry and power interests.

Financial costs increased by Kr.55m. to Kr.165m. last year. After extraordinary items the loss was reduced to Kr.80m., and unspecified transfers of Kr.181m. enable the group to show a net profit of Kr.76m. after tax.

Profit setback at Lufthansa

BY ADRIAN DICKS — BONN, March 6.

DEUTSCHE LUFTHANSA, the West German national airline in which the Federal Government holds three-quarters of the shares, admitted to-day that its financial results had suffered from "external events" last autumn, though it told shareholders it still expected to show an overall profit for 1977.

Although the letter did not spell out in so many words the external events it was referring to, the board was clearly alluding to the widespread fear of terrorist attacks that caused thousands of people to cancel their bookings. After last October's dramatic rescue of the passengers and crew of a Lufthansa plane hijacked to Mogadishu, a widely-publicised (though never fully authenticated) threat was made to bomb the airline's flights in revenge. No further such incidents have been reported.

To-day's letter to shareholders gave no details of 1977 financial performance, beyond recording a 5.9 per cent. rise in flight revenues to just under DM4bn. The only concrete indication of the damage the airline suffered from the terrorist threat was its report that passenger traffic measured by tonnes per kilometre rose by 5 per cent. compared to a world average increase of 8 per cent., measured by the International Civil Aviation Organisation. Freight carried, however, rose by 12 per cent. by the same measure, compared to a world average of 9 per cent.

During last year, Lufthansa took delivery of two A300 European airbuses and one additional McDonnell Douglas DC-10, taking its totals of these types up to five and 11 respectively. Out of total investments of DM600m., DM450m. was spent on the three aircraft and on deposits or instalment payments for others.

Between now and the first quarter of 1980, Lufthansa is due to take delivery of six airbuses, with options on nine more. It will also take delivery of eight Boeing 747's of various types, with a further two options, and of seven Boeing 727-230's, six of which will be of the newer, enlarged version.

Poll on French debt status

AN OPINION poll of bankers specialising in Eurocurrency finance indicates that France's prime status as an international borrower would be adversely affected if the Socialist-Communist alliance wins this month's general election.

The poll of 118 Eurobankers in 19 countries was conducted by the AGEFI Euromarket newsletter which is owned by the French business newspaper Agence Economique et Financière (AGEFI).

Assuming a Socialist-Communist Government in France, the poll showed that 95 per cent. of the respondents would be prepared to continue lending to French Government entities. Yet one of the respondents said they were prepared to increase their lending and 42 per cent. said they would reduce their lending.

Asked whether France's bank borrowing or its bond issues would be the most affected, 17 per cent. of the bankers polled said bank borrowing would be the most seriously affected and 33 per cent. said France's bond issues would suffer the most.

Regarding Eurocurrency bank loans, 17 per cent. of the respondents said French entities would be able to borrow under a Socialist-Communist Government at the same margins above interbank rates as they do now. However, 32 per cent. said the margins would rise by an eighth of a point more.

AP-Dow Jones.

India to investigate progress of FERA

By K. K. Sharma

NEW DELHI, March 6.

THE INDIAN Finance Ministry is to make an inquiry into complaints that foreign companies are circumventing the requirement that they must reduce their foreign equity holdings, by increasing the Indian share capital.

The inquiry was promised by the Finance Minister, Mr. H. M. Patel, when members of Parliament told him that most foreign companies had retained their original capital holdings fully by increasing the number of Indian shares.

This is not barred by the Foreign Exchange Regulation Act (FERA), under which foreign companies must progressively "Indianise" their ownership and reduce the foreign holding to a maximum of 40 per cent., unless exempted from doing so by the Government. But Mr. Patel suggested that the intention of FERA was a reduction not only in the proportion of foreign ownership but also in the amounts of dividends repatriated abroad.

If foreign companies increase their capital base by selling shares to Indians, as has been done in recent public issues, dividends are not affected. Complaints are that the foreign companies are thereby siphoning off funds from the capital market which would otherwise have gone into fresh investment in purely Indian companies.

Mr. Patel said that the Government had noted that some foreign companies were not progressing towards "Indianising" their ownership quickly. If it were found that this was deliberate, steps would be taken to stop them from repatriating their profits until they complied with FERA regulations. This is thought to apply mainly to sterling tea companies.

The Minister said that it was the new Janata Government's policy to reduce repatriation of dividends and profits by foreign companies to their respective countries. Asked for specific details of remittances by six companies in 1976-77, Mr. Patel gave the following figures: Hindusthan Lever (the Unilever offshoot), Rs.30.99m. (about $3.9m.); Glaxo, Rs.8.64m.; Colgate Palmolive, Rs.15.57m.; Bata Shoe Company, Rs.1.40m.; Indian Tobacco (formerly Imperial Tobacco), Rs.20.4m.; Britannia Biscuits, Rs.2.17m. All these were dividends permitted by the Government to be repatriated.

Mr. Patel said that all foreign companies were being required to reduce their capital holdings and were not being allowed to expand into certain sectors reserved for Indian small-scale units. Nor were they given any concessions.

Esso dividend to parent is lowered

By James Forth

SYDNEY, March 6.

ESSO EXPLORATION and Production Australia Inc. earned almost steady profits in 1977, but has made a sharp reduction in the dividend repatriated to its U.S. parent, Exxon Corporation. Profit for the year edged down from $A82.07m. to $A81.92m. (US$93.2m.), but the dividend is cut from $A82m. to $A55.89m.

The directors pointed out that commitments made in 1977, including the purchase of a 25 per cent. stake in the Hail Creek coking coal project in Queensland, and exploration on the Exmouth plateau off the coast of Western Australia, would require about $A700m. (just under US$800m.).

About $A350m. of this would be spent on the Bass Strait oil and gas fields, jointly developed by Esso with Broken Hill Proprietary Company, while petroleum exploration commitments in other areas would need about $A125m. The development of Hail Creek would require another $A170m.

Esso's return on average total assets declined from 19.6 per cent. to 16.8 per cent., but if inflation accounting had been used the profit would have been only $A71m. or 10.8 per cent. on assets.

Roche buys stake in Lane

By Our Own Correspondent

SYDNEY, March 6.

ROCHE AUSTRALIA, the offshoot of the Swiss chemical group, has brought control of local chemical company, Lane Limited. Roche has acquired a 73 per cent. interest from a U.S. group, Ansul Company, and to comply with local stock exchange listing requirements, will make a comparable offer to remaining holders.

But Roche would like the remaining shareholders to retain their Lane shares. It is the first occasion in the 39 countries in which Roche operates that local investors have been offered a stake in Roche's operations.

Roche will pay $A1.07 a share or $A6.9m. for the controlling interest in Lane, subject to Government approval.

Further step by Sanlam to group banking interests

BY RICHARD ROLFE — JOHANNESBURG, March 6.

THE INSURANCE GROUP, Sanlam, whose bank holding company Bankorp acquired control of Trust bank last year, has taken a further step to consolidate its banking interests. After a month of negotiations, it has acquired the banking companies controlled by the short-term insurer Santam, in which Sanlam has an interest of 25 per cent. But Santam's short-term insurance interests, the biggest in the republic, with R100m. a year premium income and widely expected to go into Sanlam, which lacks an existing short-term side on any major scale, have been excluded from the transaction.

Santam is to shift its banking interests, which showed total assets of R205m. in the last balance sheet at end-September, into its small wholly-owned general banking subsidiary, Wellington Board of Executors. Wellington will be sold in turn to Bankorp for a consideration of R11m. this is being settled in Bankorp shares, 3.5m. of which are to be issued to Santam, which in turn will end up with about 11 per cent. of Bankorp.

The issued share capital of Bankorp will rise to R30.7m. The deal has been done at net asset value, so the price struck for Bankorp shares is 316 cents, twice the current share price.

Included in the package is Santam's 64 per cent. owned subsidiary, Mercabank, which will be developed, according to the official announcement, as the Bankorp Group's "beleggingsbank" (or investment bank), differentiating it from the merchant bank Senbank. In other words, Mercabank will be involved in taking shares in companies, often troubled ones (it has a number acquired from judicial managers) rather than corporate finance and comparable merchant banking activities.

The deal also provides for management of Santam's unit trust, Santamgro, to be transferred to Sanlam.

JAPANESE NEWS

Reshuffle at Yokohama Rubber

BY DOUGLAS RAMSEY — TOKYO, March 6.

JAPAN'S second largest tyre company, Yokohama Rubber, will shortly undergo a high-level management reshuffle designed to give its main bank a greater say in plans to restore the company's profitability after a Yen 3.3bn. ($14m.) net loss in 1977.

The company to-day denied, however, press reports that Yokohama's chief shareholder, B. F. Goodrich of the U.S., has asked to reduce, and eventually to give up, its 33.6 per cent. stake in the company.

Yokohama Rubber is second to Bridgestone Tire in the Japanese market, and derives 82 per cent. of its sales from car tyres. The company suffered a severe setback last autumn when it had to recall some 15,000 defective tyres at an estimated cost of Y10,000 apiece. On the announcement late last year that Yokohama Rubber would cancel its 1977 dividend, the then president, Mr. Hiroshi Yoshitake resigned to take over the post of chairman, and to leave day-to-day management to Mr. Yasuo Tamaki, who is now trying to steer the company clear of its losses. In 1977, when sales rose 5 per cent. to Y148bn. ($620m.), the company posted a recurring loss (before tax) of Y2.7bn.—more than wiping out the combined profits of the preceding two years.

According to Yokohama Rubber, the company's main bank, Dai-Ichi Kangyo Bank (DKB), will increase the number of its directors on the company's board at the end of March. The two or three directors will have "management" responsibilities, and the move is interpreted in Japanese industry circles as signifying a much greater role for DKB in the company's policy decisions and possibly doing the spadework on a rearrangement of top shareholdings should B. F. Goodrich want out. For its part, DKB has lent Yokohama Rubber a total of over Y10bn. ($42.5m.) and is understandably concerned at the company's sudden turn into the red.

Yokohama Rubber, like other Japanese tyre companies, does more than a quarter of its business by exporting, and its overseas sales have been hurt by the Yen's appreciation.

Another Eidai offshoot seeks composition

TOKYO, March 6.

EIDAI Company and 13 affiliates which are in financial trouble have liabilities totalling Y226.18bn., according to private credit inquiry agencies, Teikoku Koshinsho and Tokyo Shoko Research.

Eidai Company itself, Japan's largest plywood maker, and 12 of the affiliates have already sought protection under various provisions of the corporate rehabilitation law with the record amount of debts. One other affiliate has suspended business.

The latest subsidiary to seek composition with creditors in court is 100 per cent. owned Eidai Kenzai K.K. which has applied with liabilities of about Y13bn.

Canon earnings and dividend up sharply

CANON'S after-tax profit rose by 66 per cent. to a record Y5.98bn. ($25m.) in 1977, from Y3.60bn. in 1976, writes Reuter from Tokyo.

Sales increased 21.6 per cent. to Y123.99bn. ($520m.), from Y101.97bn.—also reaching a record level.

The dividend was increased to Y7.5, from Y5.5.

The company said that its 1978 after-tax profit will be virtually unchanged from the 1977 level, in view of the yen's expected appreciation.

The company added that it hopes to maintain 1977s Y7.5 dividend on its Y50 par value share for the current year.

Rhodesian Breweries to change name

By Tony Hawkins

SALISBURY, March 6.

ANTICIPATING future political developments, one of Rhodesia's largest listed companies, Rhodesian Breweries, has announced a major reorganisation and has dropped "Rhodesia" from its name.

In a related and also politically significant development, the Rhodesian Breweries group—to be renamed Delta Corporation—is taking over the South African shareholdings in two Rhodesian listed companies from its parent group, South African Breweries.

Springmaster

Rhodesian Breweries will take over 71 per cent. of the equity in Springmaster Corporation, Rhodesia's largest furniture manufacturing company — and is to make a one-for-10 share offer to minority holders within the Springmaster Group. Springmaster is part of the South African Afcol Group, itself controlled by SA Breweries.

In addition, the Rhobrew group is acquiring the entire issued share capital of OK Bazaars, Rhodesia — one of the largest retail groups in the country, which until now has been a wholly owned subsidiary of OK Bazaars of South Africa, itself controlled by SA Breweries.

Delta

The net effect of these transactions is to hive off the Johannesburg-owned subsidiaries of the South African Breweries group into the new Salisbury based Delta Corporation, which will be controlled by an overseas holding company in which SA Breweries will have majority equity control.

This severs the direct Johannesburg-Salisbury link. In addition, Rhodesian Breweries is to place its beermaking activities into the hands of a separate company within the group, to be called National Breweries, thereby dropping the "Rhodesian" part of the name in anticipation of the country becoming Zimbabwe at the end of this year.

OVERSEAS MARKETS

Off 4.6 on coal settlement rejection

BY OUR WALL STREET CORRESPONDENT

THE STRIKING U.S. coal miners' rejection of the proposed contract settlement caused renewed weakness on Wall Street to-day in light trading.

The Dow Jones Industrial Average declined 4.59 to 742.72, just a shade above the recently reached three-year low. The NYSE All Common Index ended 30 cents weaker at $48.37, while losses outpaced gains by 942 to 405. Turnover came to 17.23m. shares, down 2.89m. from last Friday's total.

President Jimmy Carter started *the machinery* to obtain a back-to-work order against the strikers under the Taft-Hartley act. However, analysts pointed out that obtaining an injunction will take time and many miners have indicated that they would not accept a return-to-work order to end the strike, now in its 91st day.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
General Motors	241,500	56½	−½
Duke Power	219,700	20	—
Tropicana	150,200	44⅝	+10⅝
Westinghouse Elec.	174,500	17⅞	−¼
IBM	141,000	241	−4
Kennecott Copper	139,500	24¼	+¼
Int. Tel. & Tel.	135,500	27⅛	−⅛
Amer. Tel. & Tel.	122,600	59⅞	−¼
Cooper Labs.	120,000	24⅛	−1¼
Marshall Field	114,100	22⅝	−¼

Hesitation was also attributed to continued weakness in the shares of International Business Machines, which fell 4 to $241, a new 12-month low, and making a three-day drop of $10¼.

In the Coal sector, North American Coal, $21⅞ and Pittston, $21⅞, declined $1 apiece.

Tropicana jumped 10⅝ to $44⅝.

THE AMERICAN SE Market Value Index retreated 0.53 to 122.56 in active trading. Volume 3.32m. shares (3.16m.).

OTHER MARKETS

Canada mixed

A mixed performance took place on Canadian Stock Markets yesterday in moderate activity, with the Toronto Exchange showing a dull bias but most major sectors in Montreal pointing higher. The Toronto Composite Index was 0.5 harder at 1,015.3, but Golds receded 9.5 to 1,328.3 and Metals and Minerals 3.7 to 779.8. In Montreal, Banks rose 2.17 to 248.22 and Papers 0.32 to 94.51.

PARIS—After recent good performance, market lost ground in quiet trading, with potential buyers standing on the sidelines ahead of the elections.

All sectors were affected, with CSF, DBA, Machines Bull, Creusot-Loire, Denain, Air Liquide and Petroles BP all outstandingly lower.

BRUSSELS—Rather mixed in a slack business.

Vieille Montagne gained 18 at B.Frs.1,364, but Petrofina retreated 35 to B.Frs.3,550 and Arbed 30 to B.Frs.2,270.

AMSTERDAM — Stock prices moved irregularly, although Banks were mostly firmer, Amro and NMB adding Fl.1 apiece.

KLM were up Fls.2.40 and Nedlloyd Fls.1.30 higher among Transports, but KNSM and Van Ommeren were easier. Elsewhere, Pakhoed receded Fls.1.70, but International had Unilever and Royal Dutch each around Fl.1 higher.

GERMANY—Softer for choice in lacklustre trading.

Motors, however, were higher, with BMW adding DM3.40, Mercedes DM2.50, and Volkswagen DM1.40, while elsewhere, Harpener advanced DM10.50 more.

Notable dull spots included Metallgesellschaft, down DM4.50, Ruetgers, DM3.90 lower, and Preussag, off DM1.80.

Public Sector Bonds were *hesitant and mixed*, with gains limited to 10 pfennigs and losses extending to 30 pfennigs. The Regulating Authorities made net purchases worth a nominal DM5.20m. Mark Foreign Loans were maintained in light trading.

SWITZERLAND — Widespread fresh falls occurred in fairly active trading, with Bearer stocks and Participation Certificates hardest hit, reflecting the continuing effects of the ban on foreign purchases of Swiss securities.

Swissair Bearer weakened 18 to Sw.Frs.815, Nestle Bearer 80 to Sw.Frs.3,390, and Ciba-Geigy Participation Certificates 70 to Sw.Frs.835.

Alusuisse, however, hardened 10 to Sw.Frs.1,200 on the results and a proposed dividend increase.

Domestic Bonds eased up to ¼ per cent. *Foreign Bonds* showed losses ranging from ¼ to 2 per cent, following details of the National Bank's ruling on non-resident subscriptions.

MILAN — Bourse prices recovered broadly in moderate trading on prospects of an agreement between Italian political parties.

Snia Viscosa advanced 28 to L664 and Olivetti Privileged 18 to L869.

HONG KONG—Market reversed an initial improvement to display a lower bias at the close, reflecting a technical reaction to last week's advance on the Budget proposals and Hong Kong Bank results. Dealers commented that the volatility of Foreign Exchange markets caused a loss of confidence during the morning, with expectations that Wall Street would open on a weak note.

Hong Kong Bank, $HK17.30, and Jardine Matheson, $HK12.60, each shed 10 cents, while Hutchison Whampoa and Wheelock Marden lost 5 cents apiece to $HK3.625 and $HK2.15 respectively, but Hong Kong Land rose 5 cents to $HK6.85.

Elsewhere, San Miguel advanced $HK2.40 to $HK24.40 on sharply increased profits and turnover and the dividend and bonus payments.

TOKYO—Share prices often reacted in moderate activity, led by export-orientated issues, *following the yen's appreciation* in Tokyo to a post-war record high against the U.S. dollar. The Nikkei-Dow Jones Average fell 49.49 to 5,197.87, with volume amounting to 240m. shares.

Electricals, Vehicles and Cameras declined sharply, *investors being discouraged by* the yen strengthening despite massive Central Bank intervention. Sony fell Y60 to Y1,780, TDK Electronics also Y60 to Y1,530, Toyota Motor Y19 to Y892, and Ricoh Y21 to Y493.

JOHANNESBURG—Golds closed a little easier in places on general lack of interest despite higher Bullion indications.

Financial Minings, in contrast, were firmer, where changed, after light trading.

AUSTRALIA—Industrials made a mixed showing, while Minings gained ground but Banks were mostly lower.

BHP declined 4 cents to $A5.52 and Carlton United *Brewery* 5 cents to $A1.77, but Dunlop Rubber added 4 cents at $A1.29 and News 5 cents at $A2.25. CSR, in Sugars, put on 4 cents to $A2.70, but Banks had BNS Wales 4 cents cheaper at $A5.12.

Golds were favoured, Central Norseman advancing 30 cents to $A9.30. *Elsewhere in Minings*, CRA moved ahead 12 cents to $A1.94, while Utah improved 3 cents to $A3.00, but Uraniums tended easier, Queensland losing 5 cents to $A1.70.

Dollar nervous

The U.S. dollar was very weak in early trading in the foreign exchange market yesterday, opening at DM1.9880 against the *D-mark, Sw.Frs.1.8175 against the* Swiss franc, and Y235 in terms of the Japanese yen. A large commercial order to buy dollars, estimated in the market at around $200m.-$300m., pushed the U.S. currency to a best level of DM2.05, Sw.Frs.1.91, and Y237.10. Trading was thin and nervous over most of the day, in anticipation of moves to be announced by President Carter on the subject of the U.S. coal strike.

The dollar closed in London at DM2.0280, compared with DM2.0220 on Friday; Sw.Frs.1.8775, compared with Sw.Frs.1.8650; and *Y236.30, compared with Y237.10*. Speculation about possible moves to prevent further funds moving into Germany contributed to the nervous conditions.

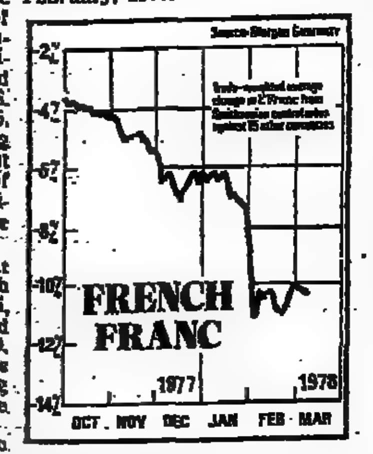
Morgan Guaranty's calculation of the dollar's trade-weighted depreciation was unchanged at 5.41 per cent., while the currency's *index, on Bank of England figures*, fell to 90.2 from 90.3.

Sterling's trade-weighted index, as calculated by the Bank of England, fell to 65.2 from 65.8, after standing at 65.2 at noon and 65.1 *in* early trading.

The pound opened at $1.9430-$1.9445, its best level of the day, *but fell to* $1.9310-1.9320 before lunch. It closed at $1.9365-1.9375, a fall of 35 points on the day.

There was no indication of intervention by any European central bank in the market yesterday.

Gold continued to reflect the nervousness surrounding the dollar, rising $1 to $184½-185½, the highest closing level since *February*, 1975.



CURRENCY RATES

	Special Drawing Rights March 6	European Unit of Account March 6
Sterling	0.635022	0.646184
U.S. dollar	1.22737	1.25294
Canadian	1.37559	1.40086
Austria sch.	18.0147	18.3262
Belgian franc	38.8217	39.6305
Danish krone	6.81804	6.96551
Deutschemark	2.49745	2.54567
Dutch guilder	2.67075	2.72400
French franc	5.88892	5.99756
Italian lira	1046.58	1066.37
Japanese yen	290.273	295.320
Norway krone	6.54188	6.68023
Spain peseta	98.4068	100.178
Swedish krone	5.61494	5.76084
Swiss franc	2.30316	2.38755

EURO-CURRENCY INTEREST RATES*

Mar. 6	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
Short term	6-6½	6¾-7¼	6¾-7	6½-6¾	⅛-⅜	3½-3⅝
7 days notice	6¼-6¾	6¾-7¼	6¾-7	6½-6¾	⅛-⅜	3⅜-3½
Month	7-7¼	6⅞-7¼	7-7¼	[illegible]	[illegible]	[illegible]
Three months	7¾-8	7-7¾	7¼-7½	[illegible]	[illegible]	[illegible]
Six months	8¼-8¾	7½-7⅞	7⅝-7⅞	5¼-5½	[illegible]	3½-3¾
One year	8⅝-8¾	7¾-8⅛	7⅞-8⅛	5⅝-5⅞	1⅛-1¼	3½-3¾

GOLD MARKET

	Mar. 6	Mar. 3
Gold Bullion (a fine ounce) Close	$184½-185½	$183½ [illegible]
Opening	$184¼-185	$185 [illegible]
Morning fix'g	$184.10 (£94.926)	$185.85 (£94.695)
Afternoon fix'g	$184.40 (£95.199)	$183.45 (£94.386)
Gold Coins, domestically Krugerrand	$190¼-192¼ (£98¼-99¼)	$189¼-191 [illegible] (£97¼-98¼)
New Sov'gns	$57-59 (£29¼-30¼)	$57¼-59¼ (£29½-30½)
Old Sov'gns	$58¼-60¼ (£30-31)	$57½-59½ (£29¼-30¼)
Gold Coins (Internat'lly) Krugerrand	$189¼-191½ (£97¼-98¼)	$189-191 (£97¼-98¼)
New Sov'gns	$57-59 (£29½-30½)	$57-59 (£29½-30½)
Old Sov'gns	$58¼-60¼ (£30-31)	$57¾-59¾ (£29¾-30¾)
$20 Eagles	$296-299	$295-298

FOREIGN EXCHANGES

Mar. 6	Bank Rates %	Day's Spread	Close
New York	6½	1.9310-1.9445	1.9365-1.9375
Montreal	7½	2.1650-2.1790	2.1680-2.1690
Amsterdam	4½	4.14-4.22	4.18¼-4.20¼
Brussels	6½	60.80-61.55	61.05-61.15
Copenhagen	9	10.76-10.84	10.80¼-10.81¼
Frankfurt	3	3.87¼-3.97	3.92¼-3.93¼
Lisbon	13	78.43-78.20	78.60-78.70
Madrid	8	155.10-155.88	155.25-155.35
Milan	11½	1,646¼-1,651½	1,649½-1,650½
Oslo	6	10.21½-10.31¼	10.29¼-10.30¼
Paris	9½	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

† Rates given are for convertible francs. Financial franc [illegible].

OTHER MARKETS

FORWARD RATES

EXCHANGE CROSS-RATES

Indices

NEW YORK—DOW JONES

	Mar. 6	Mar. 3	Mar. 2	Mar. 1	Feb. 28	Feb. 27	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	742.72	747.31	746.45	746.58	742.12	748.66	999.75 (3/1/77)	742.12 (28/2/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.58	88.50	88.46	88.48	88.48	88.52	93.07	88.38	—	—
Transport	198.75	201.65	201.64	201.17	201.40	205.85	246.64	198.80	279.88	13.23
Utilities	105.72	105.65	105.45	105.55	105.25	102.94	110.97	102.84	163.32	10.58
Trading vol. 000's	17,230	20,120	20,280	21,010	18,750	19,850	—	—	—	—

* Basis of index changed from August 24

	Mar. 3	Feb. 24	Feb. 17	Year ago (approx.)
Ind. div. yield %	6.22	6.14	6.15	4.33

STANDARD AND POORS

	Mar. 6	Mar. 3	Mar. 2	Mar. 1	Feb. 28	Feb. 27	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	95.52	96.16	96.02	95.58	95.74	96.49	118.92 (3/1/77)	95.32 (6/3/78)	134.54 (11/1/73)	3.52 (30/6/32)
Composite	86.90	87.45	87.52	87.16	87.04	87.79	107.00 (3/1/77)	86.90 (6/3/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 1	Feb. 22	Feb. 15	Year ago (approx.)
Ind. div. yield %	5.57	5.47	5.55	4.15
Ind. P/E Ratio	8.40	8.45	8.57	10.85
Long Govt. Bond yield	8.23	8.27	8.26	7.76

N.Y.S.E. ALL COMMON

Mar. 6	Mar. 3	Mar. 2	Mar. 1	1977-78 High	1977-78 Low
48.37	48.67	48.60	48.49	57.07 (4/1/77)	48.37 (6/3/78)

Rises and Falls

	Mar. 6	Mar. 3	Mar. 2
Issues traded	[illegible]	1,820	1,836
Rises	405	734	[illegible]
Falls	942	552	576
Unchanged	489	534	518
New Highs	—	35	19
New Lows	—	51	77

MONTREAL

TORONTO

JOHANNESBURG

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♠ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs; including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv.$ Prem. at $2.60 to£—84½% (84½%)
Effective rate (at 1.9370) 37½% (37½%)

NEW YORK

CANADA

GERMANY ♦

TOKYO ¶

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ♠

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

SPAIN ♥

Securities Rand $U.S.0.85 (Discount of 27.6%)

Source: Nikko Securities, Tokyo.

French lamb import tax raised 25p

By Our Commodities Staff

THE IMPORT levy on sales of British lamb to France was raised yesterday to 84.7p a kilo almost 25p a kilo higher than last week.

The sharp rise of more than [illegible] per cent. marks the coming into force of a new system of minimum import prices and variable levies announced by the French Government last week.

Irish exports of lamb, which are governed by a special arrangement between Paris and Dublin, will still be allowed into France free of all charges.

The levy on U.K. trade has been set at the maximum, because the lamb market in France [illegible] depressed—by French standards. The average market price for lamb is fractionally more than £2 a kilo, about 70p a kilo higher than in Britain.

Traders are now concerned that if the French market fails to pick up and prices fall even a few pence a kilo lower, Paris may next week bar imports from the U.K. altogether.

The new import controls spurred Mr. John Silkin, Britain's Agriculture Minister into cabling a protest to the EEC Commission in Brussels last week.

Brazil halts exports of rice and maize

By Diana Smith

RIO DE JANEIRO, March 6.

BRAZIL HAS decided to suspend exports of maize and rice because of the shortfall in crops caused by a long drought. Exports of soyabean oil may also be suspended.

This year's rice production is likely to be only 7.5m. tonnes. Domestic demand is put at 8.3m. tonnes.

Domestic demand for corn is estimated at 17m. tonnes, but production this year is unlikely to exceed 15m. tonnes.

Weather conditions have affected the quantity and quality of the soyabean crop. Beans are yielding unsatisfactory percentages of oil and Brazil's foreign trade authorities are now reviewing the entire soya export programme.

Meanwhile, Reuter reports from Delhi that India plans to import 950,000 tonnes of edible oil this oil year, which began last November.

Copper down despite big fall in LME stocks

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES eased on the London Metal Exchange yesterday, in spite of a hefty fall in stocks that reduced total holdings in the Exchange's warehouses to below 600,000 tonnes for the first time since August last year.

The stocks fall of 22,650 tonnes, reducing total holdings to 599,650 tonnes, was the biggest single weekly decline for a long time. What is more it was the sixth successive weekly stocks fall from the peak of 645,300 tonnes, reached at the end of January.

However, the fall was in line with market forecasts and had already been discounted to a large extent last Friday. In addition it is claimed that the recent fall in warehouse stocks merely reflects a transfer of shipments, now largely completed, to the U.S. seeking to beat any possible ban, or restriction, on imports that might be imposed.

In other words, the fall in LME warehouse stocks represents simply a transfer of surplus holdings into the hands of U.S. merchants and does not signify any great upsurge in fundamental consumer demand.

The market was more worried yesterday by the possible impact of the continuing coal strike on the U.S. economy. As a result cash wirebars closed £7 down at £623 a tonne.

A fall of 250 tonnes in tin stocks, reducing total holdings to 4,010 tonnes, also failed to hold up prices. In fact, cash tin lost £62.5 to £6,152.5 a tonne narrowing its premium over the three months quotation, when some heavy "lending" (selling of cash against an equivalent amount purchased forward) emerged.

The market was dominated by uncertainty about the U.S. senate sub-committee's hearings later this week on stockpile policy.

The move by the Carter Administration to introduce a Bill seeking the release of 25,000 tons of stockpile surplus tin, announced on Friday, has made for some nervousness. But there is still considerable confusion as to what is likely to happen in the end.

Similar confusion reigns over the Administration's proposal to release 62.5m. ounces of surplus silver from the stockpile, since it was later claimed the stockpile objective should be raised to provide supplies for a missile programme.

There were sizeable falls in lead and zinc stocks. Zinc stocks, as expected, declined by 2,500 to 60,850 tonnes. But in spite of some early bidding for cash metal, which closed £1.625 higher at £258.375 a tonne, the premium of cash over the three months quotation established on Friday was eliminated. Three months zinc closed £3 up at £259.25—more than £20 higher than a week ago.

Lead stocks fell by 4,550 tonnes to 63,475 tonnes, but this decline had already been anticipated by the market. As a result cash lead, in fact, closed slightly lower at £298.25 a tonne following the easier trend in copper.

LME silver holdings fell by 170,000 ounces to 19m. ounces.

London commodity centre plea

BY OUR COMMODITIES STAFF

INTERNATIONAL COMMODITY organisations with headquarters in London are hopeful that the British Government will give more urgent consideration to the establishment of a proper Commodity Centre, following a meeting with Dr. David Owen, Foreign Secretary.

Dr. Owen is reported to have been sympathetic to the case put forward strongly by a delegation representing seven international commodity associations that existing conference facilities in London were utterly inadequate.

The Foreign Secretary pointed out that the Treasury had to be consulted about any financial expenditure, but promised to give a reply as soon as possible.

A memorandum was submitted on "conference and accommodation difficulties," signed by the heads of the cocoa, coffee, sugar, Tin and wheat councils, as well as the international rubber and lead and zinc study groups.

It said that the entry into force of the International Sugar Agreement on January 1 this year had made solving the problems of inadequate facilities even more urgent.

The present conference and committee rooms in Haymarket House were likely to prove too small and the advent of any new commodity council in London (such as copper, or the establishment of a full rubber agreement) would place an intolerable strain on present facilities.

The memorandum noted that immediate action to reach an understanding was necessary because of the practical and urgent needs of some organisations, which would otherwise have to go their separate ways.

A working group had already looked at a number of buildings. The World Trade Centre at St Katherine's Dock had in its design a new 320,000 square foot building which could be planned to house a commodity centre, provided decisions were taken at an early date.

Century House (owned by British Rail) in Shaftesbury Avenue, and Norfolk House in St. James's Square also had possibilities.

Indian sugar export move

BY OUR OWN CORRESPONDENT CALCUTTA, March 6.

THE INDIAN sugar industry has welcomed a government decision to allow the export of 850,000 tonnes of 1977-78 crop sugar this year out of the country's total quota under the International Sugar Agreement of 700,000 tonnes.

An industry spokesman said that subsidies would be needed to enable sales to be made, since the difference between the world price and the domestic Indian price was about Rs.500 a tonne.

However, discussions with the Government had shown that the Treasury was fully prepared to pay the subsidies on exports.

Sugar production in India is estimated at 5.6m. tonnes and consumption at 4.42m. tonnes.

In Jamaica, sugar mill workers who had been on strike for three weeks over pay went back to work on Saturday. Producers say the strike has cost them $17m.

In London yesterday the daily price for raws was fixed £2 a tonne lower at £104 in anticipation of a general depression expected to overtake the futures market during the day.

In the event, May delivery raws lost almost £3, closing at £107.875 a tonne. August fell £2.675 to £112.95 a tonne.

Cocoa price uptrend resumed

By Richard Mooney

THE UPSURGE in London cocoa futures prices was resumed yesterday, after Friday's setback. May cocoa, which had fallen £63 on Friday, gained £87.5 to £1,744 a tonne—a new 1978 "high."

Dealers attributed the rise mainly to speculative buying, though a modest amount of continental industry buying was reported in the morning.

Producing countries were generally inactive, but Nigeria and Ivory Coast were rumoured to have sold marginal quantities.

Most traders remain basically "bearish" about the long-term prospects for cocoa prices, inspite of suggestions that the 1978 surplus may be somewhat smaller than has been indicated.

The West African main crops, which are now virtually finished, are believed to have fallen short of expectations. The spate of manufacturer buying last month is being taken in some quarters as an indication that the fall in consumption has possibly been less severe than had been feared.

Chart "patterns" still point to an upward short-term trend, largely because of speculative buying and covering against earlier "short" sales on the futures market. Many traders believe the market is still recovering from the "oversold" situation which developed earlier in the year.

No Ghana main crop purchase figure was announced by the country's Marketing Board yesterday, but unofficial trade estimates put last week's purchases at about 3,800 tonnes, bringing the cumulative total to about 237,500 tonnes.

INDIAN WHEAT FOR AFGHANISTAN

NEW DELHI, March 6.

INDIA has agreed to lend 50,000 tonnes of wheat to Afghanistan to help it over its temporary shortage, the Government announced at the week-end.

The loan was agreed during the visit here last week of Mohammad Daoud, the Afghanistan President.

The wheat will be sent via Pakistan between April and September. Afghanistan has undertaken to repay the loan, which carries no interest, two years after completion of the shipment.

Reuter

CAPITAL FOR AGRICULTURE

Land becoming too dear for farmers

BY CHRISTOPHER PARKES

YET ANOTHER voice is added to-day to the clamour of opinions being offered to British farmers on how their industry is faring and how it is likely to prosper in the future.

It comes from the Centre for Agricultural Strategy based at Reading University, in the form of a thorough-going study of the capital and tax problems of agriculture in the U.K.

Capital for Agriculture—The Problem of Financing Growth* attempts to assess the effects on farm ownership and output of inflating land values and changes in grants and taxation policy.

A measure of the complexity of the task can be gained from the summary of its recommendations, which concentrate mainly on appealing for further research and surveys.

The authors want a complete survey of land ownership, more facts on how the type of land ownership affects production and an examination of how relative tax burdens fall on incorporated and unincorporated businesses.

They also suggest more selective and more "forward-looking" aids for investment and a change in the way farmers are taxed.

Low returns

They conclude that land prices will continue to increase and that the purchase and financing of this fundamental necessity will remain one of the greatest bugbears for anyone wishing to enter farming.

Although returns on capital investment in agriculture were usually considered very low, the extent of this had been exaggerated.

Returns on overall capital assets—working capital, land and associated buildings—were nevertheless about 3 to 4 per cent.—about half the level obtained in industrial companies. Servicing a mortgage on a modern-day farm with that scale of return was growing daily more difficult.

Farming might even benefit in the long-run if the functions of owning the land and farming it were separated. To some extent this was already happening, but present landlord-and-tenant relationships were being eroded through the effects of capital taxation. Institutions—those City buyers who were currently under scrutiny by the Northfield Committee—were proposed as perhaps offering "a reasonable alternative."

In the long-term the institutions, like pension funds, unit trusts and insurance companies, would have large amounts of money to spend. If they made "a concerted effort" and bought up all the large farms sold in Britain each year (about 60,000 hectares worth of farms bigger than 120 hectares change hands annually) "they could be responsible for just under 50 per cent. of U.K. agricultural production within 30 years.

"Fears that financial interest on the part of institutions will predominate over farming interests to the detriment of the long-term productivity of the industry are probably unfounded."

They suggest that if there were any upsets, the answer could lie in the creation by an institutional buyer of an intermediary, such as a land-holding company, which could form partnerships with working farmers.

"The advantage of such a scheme over direct ownership of land by institutions is that pension funds and insurance companies would be free to realise the appreciation in land values by periodically selling their shares, without physically selling the farm."

Another possible solution, guaranteed to raise blood pressures around rural Britain, is land nationalisation. The authors conclude that such an exercise might be prohibitively expensive, costing between £15bn. and £20bn. at present values.

"However, so long as State ownership of land does not become State management of farming, land nationalisation may indeed be consistent with the national interest of maintaining an efficient farming industry."

Fiscal policy

There is less clarity when the report comes to consider the importance to the farming industry of capital transfer tax and the possible effects of a wealth tax.

However, in a contemplation of fiscal policy and its effects on farm investment, the authors report: "To achieve a more equitable income distribution, there may be a sound case for discriminating against the larger farmer and especially the large landlord, but it has to be recognised that such measures are likely to run counter to economic efficiency."

Later, in an assessment of the difficulties facing unincorporated businesses, the authors state: "The threat to farming posed by existing and proposed taxation on personal wealth may be less than it appears at first sight.

"Nevertheless, there is a distinct possibility that the larger holdings, especially tenanted ones will be forced to sell part of their land to meet impending tax liabilities. The impact of this fragmentation of holdings on the efficiency of agricultural production is not fully understood.

"There appears to be a real danger of embarking on a policy which will lead to the break-up of large farms without having first assessed the implications."

*£2.75 post-free from The Centre for Agricultural Strategy, University of Reading, Earley Gate, Reading RG6 2AT.

Jamaica seeks advance bauxite levies

NEW YORK, March 6.

JAMAICA IS trying to bolster its dwindling cash and reserves by proposing that five North American aluminum companies issue it notes to cover an estimated $180m. of their future bauxite-levy payments.

The companies, it is reported, have been asked by the Jamaican Government to issue promissory notes for one year's bauxite levies.

Under the proposal, companies would keep paying their bauxite levies, which are tied to the price of aluminum ingot, on the regular quarterly schedule. But the companies would be authorised by the Government to pay those levies to the banks that purchased the notes.

The proposal, which has drawn some fire from the Government's political opposition, is said to be part of Jamaica's continuing effort to resolve its economic crisis.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

COPPER—Easier in quiet trading on London Metal Exchange. The firmness [illegible] coupled with modest profit [illegible] took forward metal down to [illegible] pre-market. It then picked up to [illegible] the rings as sterling tended to [illegible] with short covering in evidence. [illegible] on the morning kerb and during the afternoon the price weakened to £615 before hardening slightly to close at £613.5. The large fall in warehouse stocks had been widely anticipated and had little effect on prices. Turnover: 11,650 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £624.5, 25, three months £641, 40.5, 40, 39.5, 38.5, 39, 38.5. Cathodes cash £614.5, three months £629. Kerb: Wirebars, three months [illegible]. [illegible] Kerb: Wirebars, three months £[illegible].5, 36, 35.5, 36, 35.5.

TIN—Marginally lower after a quiet day's business. The initial rise in sterling and the fall in the Penang price caused forward standard metal to open lower at £6,180. As sterling weakened, however, the price hardened to £6,140 before turning easier to £6,115 influenced by hedge selling. In the afternoon the market was quiet and featureless with the price fluctuating between £6,080 and £6,100 prior to closing at the latter on the late kerb.

[illegible]

LEAD—[illegible]

ZINC—[illegible]

Index Limited 01-351 3466. Three month Gold 187.15-189.15
[illegible]mont Road, London, SW10 0HS.

COFFEE

[illegible]

COCOA

[illegible]

SILVER

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

JUTE

[illegible]

WOOL FUTURES

LONDON—Little easier in thin trading. Bache reports [illegible]

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Coal crisis lifts gold and silver

NEW YORK, March 6.

PRECIOUS METALS rallied on speculative buying prompted by concern over the coalminers' reaction to President Carter's move to invoke the Taft-Hartley Act in a bid to end the pit strike. Cocoa closed strong on Commission House stop-loss buying, following London. Sugar eased on tired long liquidation and trade hedge-selling. Coffee eased on Commission House selling and notable lack of physical business, Bache reported.

Cocoa—March 137.75 (132.25), May 140.40 (131.25), July 142.00, Sept. 139.00, Dec. 134.00, March 132.00, May 130.15, July 128.70. Sales: 775 lots.

Coffee—"C" Contract: March 160.60-170.00 (168.75), May 149.25-149.75 (151.50), July 134.25, Sept. 129.00-120.00, Dec. 115.00, March 115.50-116.25, May 114.00-114.50, July 114.60-116.00. Sales: 675 lots.

Copper—[illegible]

Cotton—No. 2: March 53.40 (55.35), May 56.95-57.00 (58.85), July 58.20-58.40, Oct. 59.10, Dec. 59.95-59.99, March 61.05-61.20, May 61.50-61.90, July 61.65-61.90. Sales: 405,000 bales.

Gold—March 185.10 (183.40), April 183.30 (184.60), May 182.20, June 189.50, Aug. 192.50, Oct. 195.20, Dec. 197.90, Feb. 200.60, April 203.60, June 206.00, Aug. 209.60, Oct. 212.60, Dec. 215.00, Feb. unquoted. Sales: 9,000 lots.

†Lard—Chicago loose 23.50 (23.00). New York prime steam 25.00 traded (24.30).

Maize—[illegible]

†Platinum—April 231.30-240.00 (226.50), July [illegible], Oct. 239.00-240.00, Jan. 242.50-244.00, April 247.00, July 251.50-252.00. Sales: 1,827 lots.

†Silver—March 505.50 (496.00), April 505.10 (501.20), May 511.90, July 519.50, Sept. 526.50, Dec. 535.50, Jan. 542.50, March 550.20, May 558.10, July 566.00, Sept. 574.00, Dec. 586.00, Jan. 590.00. Sales: 7,500 lots. Handy and Harman spot 499.50 (499.00).

Soyabeans—March 616-617 (613), May [illegible], July [illegible], Aug. [illegible], Sept. 603, Nov. [illegible], Jan. 601-602, March 611.

†Soyabean Meal—March 160.50 (159.30), May 162.70-162.50 (162.80), July 165.00-165.20, August 165.00-165.30, Sept. 162.00, 161.50, Oct. 158.00-159.00, Dec. 160.30-161.00, Jan. 161.50-162.00, March 164.50-165.00.

Soyabean Oil—March 24.20-24.25 (23.52), May [illegible] (23.38), July 23.45-23.50, Aug. 23.00-22.05, Sept. 22.20, Oct. 21.45, Dec. 21.20-21.30, Jan. 21.05-21.10, March 21.05-21.10.

Sugar—No. 11: May 8.47-8.45 (8.66), July 9.82-8.83 (8.95), Sept. 9.06-9.09, Oct. 9.22-9.23, Jan. 9.50-9.53, March 9.85-9.88, May 10.16-10.18, July 10.32-10.35. Sales: 3,390 lots.

Tin—541.00-560.00 asked (532.00-535.00 asked).

*Wheat—March 270 (265), May 273 (271), July 271-271½, Sept. 273-273½, Dec. 282, March 288½.

WINNIPEG, March 6. ††Rye—May [illegible]

[illegible]

STOCK EXCHANGE REPORT

Bear squeeze after hours puts equity leaders higher

Index up 6.6 to 442.8 for biggest rise for eight weeks

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 13	Feb. 23	Feb. 24	Mar. 7
Feb. 27	Mar. 9	Mar. 10	Mar. 21
Mar. 13	Mar. 30	Mar. 31	Apr. 11

* " New time dealings may take place from 9.30 a.m. two business days earlier.

Stock markets were featured yesterday by the development in the inter-office business of a bear squeeze which boosted the FT industrial ordinary share index by five points after the 3 p.m. calculation. The close was 442.8, and yesterday's overall gain of 6.6 was the biggest single-day rise for nearly eight weeks. The closing index represented a turnround of 7.9 from the first 10 a.m. calculation when it was 1.3 off.

Depressing week-end Press comment had led jobbers to open prices cautiously lower, but little stock came on offer and prices were subsequently raised in an unsuccessful effort to promote trade. Official markings of 4,177 were the lowest since mid-December and compared with 4,374 last Friday and 5,942 a week ago.

Gilt-edged also traded quietly, but long-dated stocks ended with gains extending to ½ in a very thin business while the shorts were held in check by the tap stock. The Government securities index had its best rise for seven days at 74.80, up 0.34.

Sentiment was helped to an extent by the further fall in the cost of industry's raw materials shown in the latest wholesale price indices, but the late rise in equities owed more to technical factors with stock in very short supply even at the higher levels. The overall tone failed to improve markedly as seen in the 11-to-10 falls to rises ratio in all FT-quoted equities, while the FT-Actuaries All-share index improved only marginally to 192.91.

Longer funds up

Still encouraged by the latest Public Sector Borrowing Requirement, quotations for longer-dated gilt-edged firmed at the outset and moved appreciably better after the announcement of February's Wholesale Prices indices. Final gains extended to ⅝ but it was pointed out that they had occurred in a continuing small volume of business and a resultantly thin market. However, the fact that sellers were not motivated by the enhanced prices instilled some confidence and the tap Exchequer 10½ per cent. 1995 rose to within a point of the comparable level at which the Government broker was last operative. The shorts meanwhile were unable to make progress, being restricted still by the presence of the new tap Exchequer 8¾ per cent. 1983 which remained slightly above the issue price of 96½; closing losses were minimal, however, and the only cause for despondency was the poor level of trade. Scattered changes in Corporations were usually small, while Southern Rhodesian bonds marked time after Friday's upturn on the signing of the majority rule pact.

Interest in investment currency fell well short of last week's daily average and the premium moved marginally throughout to close a net ¼ harder at 84¼ per cent. Yesterday's SE conversion factor was 0.7289 (0.7285).

Banks firm

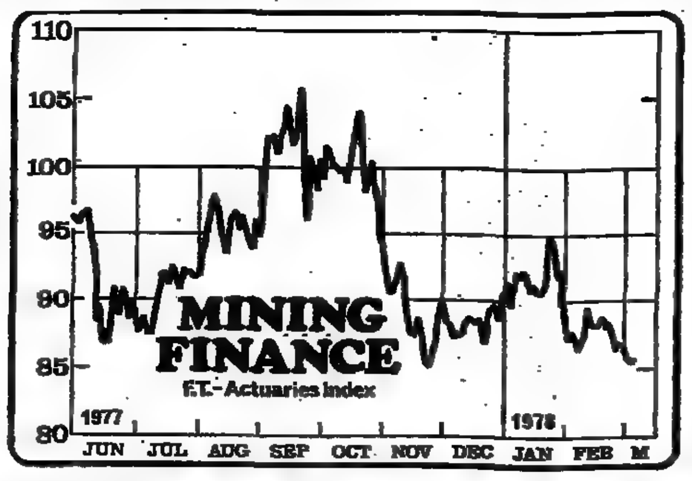
Home banks settled with gains ranging to 8. Barclays and Lloyds ended that much dearer at 310p and 250p respectively, while Midland improved 3 to 338p as did NatWest to 268p. Discounts were quietly firm with Union recovering from 385p to finish 5 harder on the day at 405p. Still reflecting investment comment, Hambros added 3 more at 163p in merchant banks where Keyser Ullmann put on 2 to 39p. Provident Financial, among hire purchases, edged forward a penny to 86p in front of to-day's annual results.

Following a late technical rally, Sun Alliance, 516p, and Royals, 367p, both closed 5 better, while Phoenix gained 4 to 244p. News that the group is to increase motor premium charges by 14 per cent. from April 1 had little effect on Guardian Royal Exchange, which were a penny dearer at 218p.

Having been marked down initially following a bearish week-end Press, breweries staged a good recovery and closed firmly. Allied were finally the turn harder at 81½p, after 80p, while A. Guinness, 157p, after 154½p, and Bass Charrington, 141p, after 140p, both closed without alteration. Elsewhere, Distillers hardened 2 to 166p.

The Institute of Marketing's depressing forecast of sluggish construction output over the next decade restrained business in buildings and prices initially drifted lower. However, a late rally on technical influences left a mixed showing at the close. John Laing A cheapened 5 to 123p, after 121p, while Aberthaw Cement gave up 4 at 138p and Tunnel B 3 at 225p, after 222p. John Mowlem declined 3 to 112p and Tilbury Contracting were a like amount lower at 233p, but AP Cement picked up late to finish 3 up on the day at 228p and Taylor Woodrow and Richard Costain were both 4 dearer at 352p and 240p respectively. A Press report that a Saudi Arabian concern had built up a stake of over 12 per cent. and could be contemplating a full-scale offer helped Fairclough Construction put on 2 to 62p. Interest was also shown in Royco, including a fair amount of option activity and the close was 2½ higher at 33p.

A few pence firmer in front of the results, Fisons improved further to touch 366p in response to the annual profits performance but fell away late to close 3 easier on the day at 357p. Elsewhere in Chemicals, ICI moved up after-hours to settle 4 better at 335p. Blagden and Noakes edged forward 2 to 212p in front of to-day's preliminary results.



Easier initially at 240p, GEC edged forward to close 5 higher on balance at 246p. Other electrical leaders followed a similar pattern, with EMI reacting to 142p before recovering to settle at 146p for a net rise of 2. Secondary issues presented a mixed appearance. Decca firmed 5 to 395p and Racal were similarly better at 203p, while Westinghouse, 46p, and Kode, 79p, improved 2 apiece. By way of contrast, Pifco came on offer and fell 8 to 86p. Sound Diffusion eased 2 to 34p and Ward and Goldstone were similarly cheaper at 86p, while BSR lost the turn to 90p ahead of to-day's annual results. Rediffusion held at 93p folowing news that Philips Electronics had purchased a stake of around 6 per cent. in the company.

Leading Stores staged a late technical improvement and closed at the day's best. Marks and Spencer, 141p, and UDS, 86p, ended 3 higher, while Gussies "A" hardened 2 to 260p as did House of Fraser to 123p. Elsewhere, Selincourt, at 22½p, recorded a Press-inspired gain of 1½. Freemans revived 6 to 254p.

Engineerings took a modest turn for the better in the late trading. Hawker and Tubes both finished 4 to the good at 174p and 374p respectively, while John Brown ended 2 dearer at 274p after having been lower at 269p for most of the day. Elsewhere, RCF moved up 4 to 40p in response to favourable week-end Press attention and GM Firth improved similarly to 26p on news of the sale and leaseback of one of its properties. Victor Products, 2 dearer at 94p, reflected satisfaction with the interim results, while other bright spots included Desoutter, 119p, and Peter Brotherhood, 125p, both up 3. On the other hand, British Northrop met with sporadic offerings and gave up 4 to 86p along with Ductile Steels, which reacted a similar amount to 110p. Staveley eased 3 to 214p and falls of 2 were sustained by Clayton Son, 61p, Rotork, 104p, and Averys, 143p. Among Shipbuilders, Vosper held at 155p despite a report that the company had lost a major order from Kuwait for a number of fast motor patrol boats.

Awaiting to-day's preliminary figures, J. Bibby moved up 5 to 191p in Foods. Rowntree Mackintosh revived with a jump of 10 to 357p, while more modest rises were seen in Linfood, 147p, and B. Matthews, 127p. Following the announcement that Tesco has decided to stop buying bread from Spillers and concentrate purchases on Associated British Foods and Ranks Hovis McDougall, Spillers closed without alteration at 27½p, RHM held at 46p, while A.B. Foods finished a penny harder at 54p. Companies with tea interests shrugged aside recent nervousness caused by the prospect of enforced price cuts and closed firmly. J. Lyons edged forward 2 to 91p, while Brooke Bond, 44p, and Cadbury Schweppes, 48½p, were both marginally harder. In Supermarkets, William Morrison, at 173p, regained last Friday's fall of 3 which followed news of the proposed purchase of Whelans Discount Stores.

Grand Metropolitan were good late at 93p, up 4, helped by an investment recommendation. Ladbroke continued firmly, rising 7 to 172p for a two-day gain of 10, while Queens Moat Houses mirrored trading news with a fractional improvement to 22p.

Wm. Press suspended

Owing to the late technical rally, the miscellaneous industrial leaders closed at the day's best. Glaxo, which had earlier fallen to 510p on adverse comment, picked up to end the day 3 harder on balance at 523p. Rank Organisation put on 8 at 234p and Boots were 6 better at 191p. Turner and Newall, a dull market of late in front of, and after, last week's disappointing results, picked up 4 to 185p, while Beecham were a similar amount harder at 587p; the latter announced yesterday that its U.K. Pharmaceutical division is to invest £41m. in its Worthing, Crawley and Irvine factories. Reed International advanced 3 to 113p but Unilever, with results due to-day, closed unaltered at 482p, after 478p. Elsewhere, renewed speculative support prompted gains of 5 and 6 respectively in Pauls and Whites, 114p, and Avon Rubber, 180p, while Alpine Holdings, 42p, and Campari, 103p, were both marked up a penny in reply to Press comment. Robert McBride rose 15 to 335p in a thin market and Cosalt firmed 4 to 66p. Nervously sold down to 15p on early reports that the Fraud Squad and Inland Revenue inspectors had raided the company's head office, William Press were standing at 17p, 6 off the pre-week-end level when dealings were suspended at the company's request pending an investigation into the company's affairs. Parker Knoll A declined 4 to 104p in reaction to the first-half profits setback, while the termination of a speculative position left Gripperods 5 lower at 44p.

Motors and distributors remained neglected. Lucas Industries, which reported interim figures on March 31 last year, improved late to close 4 better at 246p. Alexanders were also better at 17½p, up 1½, following week-end Press comment. British Leyland, however, eased 2 to 20p despite the company's statement that an increasing worldwide demand for its buses has resulted in a record order book worth £143m.

On offer throughout last week following comment downgrading potential North Sea oil revenue, Thomson rallied 6 to 163p, while Daily Mail A, 368p, and Associated, 124p, moved up 3 and 2 in sympathy. Elsewhere, Saatchi gained 2 to 100p in response to Press comment.

Occasional buying interest was seen in the property leaders. Land Securities edged up 2 to 205p and MEPC a similar amount to 116p, while English were a penny firmer at 35½p. Secondary issues, however, showed no decided trend. Bellway Holdings encountered further speculative demand and put on 3 more at 60p, with the Capital shares the same dearer at 59p, but adverse Press mention ahead of Thursday's results unsettled Peachey, down a penny at 69p, after 68p. Churchbury firmed 4 to 247p, while buyers showed interest in British Land, which gained 1¼ to 39p.

Oils quiet

The oil leaders made further slight progress despite the continuing paucity of business. British Petroleum picked up a few pence more to 726p, while Shell edged up 3 to 493p, the latter ahead of Thursday's annual results. Little of interest occurred elsewhere in the sector.

Publicity given to the results reported last week by its Sheffield-based steel subsidiary Dunford and Elliott failed to unsettle Lonrho, which closed a penny harder at 70p.

London Australia Investment came to the fore in investment trusts, rising 9 to a 1977-78 peak of 124p on news that a bid of $A1.57 cash per share from Australian Statutory Funds had received the Board's blessing; the ASF offer is substantially higher than the Colphonium bid. Elsewhere, Negit SA were marked up 45 to a 1977-78 peak of 750p on overseas advices. In Financials, Smith Bros. remained at 55p following news that the proposed merger with Bisgood Bishop had been called off. Dealings in Edinburgh and General Investments were suspended at 23p at the company's request pending details of a reorganisation.

Shippings had a firmer inclination, Ocean Transport hardening 2 to 126p, while P. and O. Deferred, 97p, and Furness Withy, 248p, put on a penny apiece.

Press comment on the implications of any Budget increase in excise duty for cigarettes failed to deter Tobaccos, which edged higher. Imps finished a shade better at 84p and BAT Industries Deferred 3 harder at 230p.

Subdued Mines

It was a subdued day in mining markets and in gold shares particularly. Despite the relative strength of the bullion price, which rose $1 to $184.875 per ounce, interest in Golds remained at a low level although scattered buying enabled the Gold Mines index to harden another 0.3 to 163.2—its highest level since mid-October last year.

Heavyweights closed showing improvements of up to a half-point as in Randfontein, at a 1977-78 peak of £35, while others to register new highs included Free State Geduld, ⅛ firmer at £16 and Western Holdings, ¼ harder at £18.

Among the medium-priced issues profit-taking left Buffels 20 down at 893p and St. Helena a similar amount off at 778p.

ERGO, which commenced uranium production at the end of February, were 3 up at a high of 326p, while the marginal Grootvlei rose the same to a high of 152p.

South African Financials generally drifted on lack of interest. Exceptions, however, were Union Corporation, 5 to the good at 280p and UC Investments, 3 better at 225p, both coming in for Cape support. Union Corporation's 1977 results are expected to-morrow. De Beers, with results due to-day, eased 2 to 311p.

London-regisetred Financials were undisturbed as were Platinums and Coppers. Modest profit-taking following the signing of the internal settlement agreement caused marginal falls in Rhodesians with MTD Mangula cheaper at 45p and Rhodesian Corporation and Wankie Colliery both a penny easier at 23p and 39p respectively.

In Australians, Conzinc Riotinto were outstanding with an 8 gain to 158p. Uraniums, however, tended to lose ground in line with overnight Sydney and Melbourne markets. Pancontinental dropped 25 more to 775p.

Tins were quietly easier. Malayan Tin gave up 5 to 285p in front of to-day's interim figures while Southern Malayan fell the same amount to 245p.

Elsewhere, the current weakness of the zinc price prompted a further 20 fall in Tara Exploration to a 1977/78 low of [illegible]. Canadian influences left Northgate 7 lower at 245p.

FINANCIAL TIMES STOCK INDICES

—	Mar. 6	Mar. 3	Mar. 2	Mar. 1	Feb. 28	Feb. 27
Government Secs.	74.80	74.46	74.44	74.52	74.41	74.20
Fixed Interest	77.27	77.17	77.32	77.46	77.61	77.64
Industrial Ordinary	442.8	436.2	433.4	443.8	445.4	441.8
Gold Mines	163.2	162.9	162.6	162.1	166.9	159.3
Ord. Div. Yield	6.10	6.17	6.19	6.06	6.06	6.06
Earnings Y'ld % (full)(*)	17.93	18.39	18.46	18.03	18.02	18.03
P/E Ratio (net) (*)	7.82	7.64	7.62	7.79	7.79	7.79
Dealings marked	4,177	4,374	4,592	4,284	4,796	5,942
Equity turnover £m.	—	57.77	65.05	62.81	60.06	70.12
Equity bargains total	—	9,945	12,845	11,490	13,602	14,258

10 a.m. 434.8. 11 a.m. 438.3. Noon 436.3. 1 p.m. 436.3. 2 p.m. 438.9. 3 p.m. 437.8.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.77.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (3/10/77)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (10/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 3
—Daily	
Gilt-Edged	157.0
Industries	135.1
Speculative	36.1
Totals	95.1
5-day Average	
Gilt-Edged	160.5
Industrials	146.7
Speculative	41.5
Totals	101.2

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (15)

ENGINEERING (3)
Brotherhood (P.) Victor Products
Tace

PROPERTY (1)
Bellway

TEXTILES (1)
Sekers Intl.

TRUSTS (2)
Lon. Aust. Inv. Negit S.A.

RUBBERS (2)
Kulim Malakoff

MINES (6)
Randfontein Estates F. S. Geduld
ERGO Welkom
Grootvlei Western Holdings

NEW LOWS (8)

AMERICANS (1)
Chrysler

CANADIANS (1)
Inco

BUILDINGS (2)
Streeters Tarmac

FOODS (1)
Lennons Group

MINES (3)
Colby Mines Tara Exploration
Northgate

Rises and Falls yesterday

	Up	Down
British Funds	47	13
Corpns., Dom. and Foreign Bonds	12	3
Industrials	264	291
Financial and Prop.	85	82
Oils	5	5
Plantations	4	4
Mines	25	40
Recent Issues	2	2
Totals	444	440

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 7	Mar. 20	Jun. 8	Jun. 21
Mar. 21	Apr. 10	Jun. 22	July 5
Apr. 11	Apr. 24	July 6	July 19

For rate indications see end of Share Information Service

Stocks favoured for the call included Premier Consolidated Oil, Burmah Oil and 8½ per cent. Loan, Ladbroke Warrants, Town and City Properties, St. Piran, Jamaica Sugar, Pentland Industries, Royco, Cableform, English Property, Ault and Wiborg and Weir Group. A put was dealt in J. Lyons, while doubles were arranged in St. Piran, Ladbroke Warrants, Town and City Properties, Talbex, Britannia Arrow and Premier Consolidated Oil.

ACTIVE STOCKS

BP	£1	12	726	+2	966	720
ICI	£1	11	335	+4	446	325
BATs Defd.	25p	10	230	+3	260	202
Beecham	25p	10	587	+4	603	372
Shell Transport	25p	10	493	+3	635	454
Barclays Bank	£1	7	310	+8	350	228
Courtaulds	25p	7	110	—	135	89
GEC	25p	7	246	+5	284	163
Grand Met.	50p	7	93	+4	109	62
GKN	£1	7	267	+1	369	260
Midland Bank	£1	7	338	+3	390	239
P & O Defd.	£1	7	97	+1	173	93
British Leyland	50p	6	20	−2	28	17
EMI	50p	6	146	+2	234	141
Thorn Elect.	25p	6	338	+2	448	196

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Mar. 6, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Fri. Mar. 3 Index No.	Thurs. Mar. 2 Index No.	Wed. Mar. 1 Index No.	Tues. Feb. 28 Index No.
1	CAPITAL GOODS (170)	190.11	+0.5	18.62	6.14	7.56	189.16	188.95	191.90	192.13
2	Building Materials (27)	167.18	+0.5	18.25	6.33	7.81	166.30	167.39	168.93	169.12
3	Contracting, Construction (26)	289.35	−1.0	19.90	4.39	7.32	292.27	294.18	296.82	[illegible]
4	Electricals (15)	414.58	+1.6	16.05	4.27	8.89	408.07	404.47	415.58	415.42
5	Engineering Contractors (14)	270.95	−0.3	18.32	7.44	7.47	271.86	272.60	275.73	275.51
6	Mechanical Engineering (71)	150.63	+0.3	20.18	6.81	7.04	150.16	149.87	152.07	152.11
8	Metals and Metal Forming (17)	154.98	+0.1	20.14	8.82	6.57	154.77	154.64	156.32	156.55
11	CONSUMER GOODS (DURABLE) (52)	174.54	+0.5	19.65	5.36	7.37	173.63	174.16	176.70	176.56
12	Lt. Electronics, Radio TV (15)	210.54	+0.7	16.93	3.96	8.54	209.61	210.85	213.71	213.79
13	Household Goods (12)	160.54	−0.8	19.67	7.62	6.90	161.77	161.28	161.38	162.14
14	Motors and Distributors (25)	105.72	+0.5	24.07	7.08	6.11	105.18	104.68	106.74	106.33
21	CONSUMER GOODS (NON-DURABLE) (170)	181.78	+1.0	17.58	6.34	7.96	179.99	179.46	182.68	181.85
22	Breweries (14)	207.10	+0.2	15.71	6.39	9.65	206.66	205.24	205.79	205.46
23	Wines and Spirits (6)	233.66	+1.1	17.70	6.15	8.57	231.23	229.85	235.05	234.84
24	Entertainment, Catering (18)	226.31	+1.7	17.59	7.59	8.27	222.59	219.62	226.19	225.28
25	Food Manufacturing (22)	176.73	+0.7	22.39	6.04	6.31	175.50	175.68	177.16	176.40
26	Food Retailing (16)	176.55	—	15.59	5.17	9.26	176.53	177.96	179.51	180.22
32	Newspapers, Publishing (13)	276.91	+2.1	12.14	4.51	12.25	271.15	269.59	284.01	294.39
33	Packaging and Paper (15)	121.07	+1.0	22.01	9.60	6.53	119.92	120.24	121.29	120.74
34	Stores (38)	168.77	+1.6	11.37	4.69	13.78	166.14	165.17	166.32	166.79
35	Textiles (25)	162.31	+0.1	22.67	8.25	5.46	162.14	160.85	163.51	164.28
36	Tobaccos (3)	223.51	+1.1	24.76	8.38	4.80	221.03	222.04	225.69	225.69
37	Toys and Games (6)	93.86	−0.4	21.53	6.32	6.21	94.21	94.41	94.13	94.12
41	OTHER GROUPS (97)	174.61	+0.9	17.61	6.30	7.53	173.00	173.45	175.45	175.35
42	Chemicals (19)	242.47	+0.9	19.35	7.12	6.98	240.39	238.69	241.74	240.35
43	Pharmaceutical Products (7)	229.66	+0.6	11.98	4.32	10.71	228.41	234.76	235.89	235.66
44	Office Equipment (6)	120.30	+2.4	20.17	5.17	5.82	117.48	119.61	120.72	120.88
45	Shipping (10)	417.01	+0.7	23.61	7.02	5.02	414.08	410.64	412.07	412.01
46	Miscellaneous (55)	179.94	+0.8	17.52	6.82	8.10	178.47	179.49	180.34	181.32
49	INDUSTRIAL GROUP (495)	187.69	+0.8	17.98	6.21	7.71	186.17	186.02	188.46	188.55
51	Oils (5)	422.93	+0.4	16.40	4.61	7.41	421.13	417.98	418.03	423.95
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	192.91	+0.7	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. Mar. 6	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	[illegible]	[illegible]	—	[illegible]
2	5-15 years	[illegible]	[illegible]	—	[illegible]
3	Over 15 years	[illegible]	[illegible]	—	[illegible]
4	Irredeemables	[illegible]	[illegible]	—	[illegible]
5	All stocks	[illegible]	[illegible]	—	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Mon. Mar. 6	Fri. Mar. 3
1	Low Coupons	5 years	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]

		Monday March 6 Index No.	Yield %	Friday March 3	Thurs. March 2	Wed. March 1	Tues. Feb. 28	Monday Feb. 27	Friday Feb. 24	Thurs. Feb. 23
15	20-yr. Red. Deb. & Loans (15)	60.59	12.23	60.59	60.65	60.77	60.72	60.50	61.00	60.91
16	Investment Trust Prefs. (15)	56.83	13.43	56.87	57.07	57.07	57.07	57.07	57.15	57.14
17	Coml. and Indl. Prefs. (20)	76.92	11.62	77.00	76.95	77.03	77.10	77.10	77.87	77.97

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 22p.

LEGAL NOTICES

IN THE MATTER OF BRANDY SECURITIES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

[illegible]

THE COMPANIES ACTS 1948 TO 1976
G. R. DAWES & COMPANY LIMITED

[illegible]

LEGAL NOTICES

IN THE MATTER OF GAYFERE SECURITIES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

[illegible]

DATED this 23rd day of February, 1978.
D. A. J. DRAPER, Liquidator.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

A.N. Bank	6½%	■ Hill Samuel	§ 6½%
Allied Irish Banks Ltd.	6½%	C. Hoare & Co.	† 6½%
American Express Bk.	6½%	Julian S. Hodge	7½%
Amro Bank	6½%	Hongkong & Shanghai	6½%
A P Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	6½%	Keyser Ullmann	6½%
Banco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	6½%	Lloyds Bank	6½%
Bank of Cyprus	6½%	London & European	8 %
Bank of N.S.W.	6½%	London Mercantile	6½%
Banque Belge Ltd.	6½%	Midland Bank	6½%
Banque du Rhone	7 %	■ Samuel Montagu	6½%
Barclays Bank	6½%	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	6½%
Bremar Holdings Ltd.	7½%	Norwich General Trust	6½%
Brit. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
Brown Shipley	6½%	Rossminster Accept'ces	6½%
Canada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
Bristol C & C Fin. Ltd.	9 %	Schlesinger Limited	6½%
Cayzer Ltd.	7 %	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
Charterhouse Japhet	6½%	Shenley Trust	9½%
Choulartons	6½%	Standard Chartered	6½%
C. E. Coates	7½%	Trade Dev. Bank	6½%
Consolidated Credits	6½%	Trustee Savings Bank	6½%
Co-operative Bank	* 6½%	Twentieth Century Bk.	7½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	6½%	Whiteaway Laidlaw	7 %
The Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
Duncan Lawrie	§ 6½%	Yorkshire Bank	6½%
Eagil Trust	6½%		
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Greyhound Guaranty	6½%		
Grindlays Bank	‡ 6½%		
Guinness Mahon	6½%		
Hambros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium, except where indicated ♦ and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 440-445

INSURANCE BASE RATES

† Property Growth 7½%
† Vanbrugh Guaranteed 7.37%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
104 1/16	97⅜	Treasury 10½pc '78‡‡	101 9/32	...	10.33	5.93
100⅛	90 15/16	Exch. 5pc '76-78‡‡	99¼xd	...	5.04	6.37
107	95 [illegible]	Treasury 11½pc '79‡‡	104 1/16xd	−⅛	11.04	7.11
97¼	84 [illegible]	Treasury 3pc '79‡‡	96¾xd	−⅛	3.10	5.23
98¾	85⅛	Electric 4¼pc '74-79	97½xd	−⅛	4.36	5.95
106 13/16	92	Treasury 10½pc '79‡‡	103 [illegible]	+1/16	10.14	8.13
97⅝	84⅞	Electric 3½pc '76-79	95⅞	...	3.65	6.09
107	87¾	Treasury 9pc 1980‡‡	101 13/16xd	......	8.84	7.99
105¼	88⅝	Treasury 9½pc '80‡‡	101 11/16	......	9.34	8.63
96	82⅞	Treasury 3½pc '77-80	94⅛	......	3.72	6.31
98¼	83 [illegible]	Funding 5¼pc '78-80‡‡	95½	......	5.50	7.43
112 [illegible]	96 [illegible]	Exchequer 13pc 1980‡‡	108	−1/16	12.04	9.56
108 [illegible]	92 [illegible]	Treasury 11½pc 1981‡‡	104⅝	−1/16	10.99	9.59
94¼	77⅞	Treasury 3½pc 1979-81	90⅝	......	3.86	7.88
106	86 [illegible]	Treasury 9¾pc 1981‡‡	100⅞xd	−1/16	9.66	9.43
97 [illegible]	95¼	Exch. 8¼pc 1981	96 [illegible]	−1/16	8.54	9.48
103½	97½	Exch. 9½pc 1981	99⅞	−1/16	9.51	9.55
92⅛	87½	Exch. 3pc 1981	87¾	......	3.42	7.06
98¾	96⅛	Treas. Variable '81§§	96¾	..	6.70	7.50
113 [illegible]	96¼	Exch. 12¾pc 1981‡‡	108⅞	−1/16	11.71	9.82
100⅝	82⅞	Treas. 8½pc '80-82‡‡	97 1/16	−1/16	8.75	9.37
93⅛	71⅝	Treasury 3pc '82‡‡	85¼	......	3.50	7.21
119 [illegible]	101⅝	Treasury 14pc '82‡‡	113 1/16xd	−1/16	12.38	9.98
98½	95¾	Treas. Variable '82§§	96	......	6.75	7.59
99⅝	93⅝	Treasury 8¼pc '82	95½	−1/16	8.67	9.65
102⅛	93⅝	Exch. 9¼pc 1982	98¼xd	−1/16	9.41	9.73
96 [illegible]	96½	Exch. 8¾pc 1983●	96 [illegible]	...	9.06	9.66
87⅞	81	Exch 3pc '83	82¾	......	3.62	7.19
		Five to Fifteen Years				
114¼	95½	Treasury 12pc 1983‡‡	107¾xd	+⅛	11.10	9.92
101⅜	95¾	Treasury 9½pc '83	98⅞	+⅛	9.47	9.82
95½	72⅞	Funding 5½pc '82-84‡‡	86¼	+¼	6.43	8.71
100¾	77⅞	Treasury 8½pc '84-86‡‡	93¾	+¼	9.19	9.85
87⅝	66¾	Funding 6½pc '85-87‡‡	84½	+¼	7.91	9.46
94	68½	Treasury 7¾pc '85-88‡‡	85¾	+¼	9.13	10.20
74 [illegible]	49⅞	Transport 3pc '78-88	64¼	+⅜	4.67	8.21
76¼	53⅞	Treasury 5pc '86-89	70⅞	+⅜	7.25	9.47
121¼	90	Treasury 13pc 1990‡‡	110¾	+¾	11.93	11.58
94¾	67¼	Treasury 8¼pc '87-90‡‡	85⅝	+½	9.85	10.64
112	88¾	Treasury 11¾pc 1991	102	+¾	11.73	11.71
76½	53¼	Funding 5¾pc '87-91‡‡	68½xd	+⅜	8.37	10.12
118	86¾	Treasury 12¾pc '92‡‡	107⅝	+¾	12.02	11.84
96⅛	85¼	Treasury 10pc 1992	89¾	+½	11.19	11.55
113	89½	Exch. 12¼pc '92	103	+¾	11.93	11.86
		Over Fifteen Years				
116¼	84½	Treasury 12½pc '93‡‡	106	+¾	11.99	11.89
73 [illegible]	51⅝	Funding 6pc 1993‡‡	65⅞xd	+⅜	9.12	10.52
126½	96	Treasury 13¾pc 1993‡‡	115⅝	+¾	12.31	12.05
129¼	99	Treasury 14½pc '94‡‡	117⅞	+¾	12.38	12.05
114⅞	94⅝	Exch. 12½pc 1994	104⅞	+¾	12.03	11.95
96	65¼	Treasury 9pc '94‡‡	86⅛	+½	10.79	11.21
110¾	97⅞	Treasury 12pc '95	102⅜	+¾	11.88	11.85
51⅞	32⅞	Gas 3pc '90-95	49¼	+¼	6.22	8.97
95	88⅝	Exch. 10¼pc 1995●	90⅜	+⅝	11.42	11.63
120 [illegible]	87	Treasury 12¾pc '95‡‡	109⅝	+¾	12.65	11.95
92½	66¾	Treasury 9pc '92-96‡‡	82½xd	+½	10.90	11.28
133¾	101½	Treasury 15¼pc '96‡‡	127	+¾	12.52	12.23
124	89¾	Exchequer 13¼pc '96‡‡	113⅛	+¾	12.15	12.01
50	31¾	Redemption 3pc 1986-96	46⅝xd	+⅛	6.41	8.91
122½	87⅛	Treasury 13¾pc '97‡‡	110¾	+¾	12.14	12.00
98⅜	90¼	Exchequer 10½pc 1997	91½	+½	11.53	11.67
89⅝	64⅞	Treasury 8¾pc 1997‡‡	80⅛	+½	10.94	11.31
72¼	50¾	Treasury 6¾pc '95-98‡‡	68½	+½	10.26	11.00
136½	103⅝	Treas. 15½pc '98‡‡	123⅞xd	+¾	12.41	12.18
97	65⅞	Treasury 9½pc 1999‡‡	86⅝	+½	11.14	11.35
96¼	90⅜	Treasury 10½pc 1999	92⅛	+½	11.57	11.68
48¾	27⅝	Funding 3½pc '99-04	40	+¼	8.86	10.10
82¼	57½	Treasury 8pc '02-06‡‡	73xd	+½	10.86	11.06
59	40½	Treasury 5½pc '08-12‡‡	52¼xd	+½	10.52	10.78
80⅞	53¾	Treasury 7¾pc '12-15‡‡	72¼	+½	10.85	10.94
		Undated				
38⅞	26⅝	Consols 4pc	35½	+¼	11.43	—
36½	25⅞	War Loan 3½pc‡‡	36¼	+¼	9.91	—
39¼	26¾	Conv. 3½pc '61 Aft.	36⅝xd	+¼	9.49	—
28⅞	20½	Treasury 3pc '66 Aft.	25⅞xd	+⅛	11.60	—
24⅛	17¼	Consols 2½pc	22⅛xd	+⅛	11.20	—
24	17⅛	Treasury 2½pc	21⅞xd	+⅛	11.60	—

**INTERNATIONAL BANK

89¾	75½	5pc Stock '77-82	86	......	5.81	8.87

**CORPORATION LOANS

100	82	Birm'ham 9¾pc '79-81	97¼	+¼	9.51	10.20
94¼	81½	Bristol 7¾pc '79-81	92½	+½	8.37	10.23
107	93	G.L.C. 12½pc '82	105	......	11.90	10.98
112	95¾	Do. 12½pc 1983	105½	......	11.92	11.27
102½	85½	Glasgow 9¾pc '80-82	96	+¼	9.61	10.32
94	76¼	Herts. 5½pc '78-80	92	......	5.71	9.30
99⅛	90½	Liverpool 5¾pc '76-78	99xd	−⅛	5.81	7.51
102½	79½	Do. 9¾pc '80-84	97¼	......	10.32	11.00
29¾	22¼	Do. 3½pc Irred.	29xd	......	12.11	—
100 [illegible]	89	Lon. Corp. 6½pc '75-78	99⅝	......	6.52	7.40
99¾	75	Do 9½pc '84-85	92xd	......	9.96	10.64
96¼	85½	L.C.C. 6pc '76-79	96¼	......	6.23	8.74
92½	70½	Do 5½pc '77-81	89¾xd	......	6.15	8.94
85½	60½	Do 5½pc '82-84	80½	......	6.89	9.63
79	52½	Do 5½pc '85-87	72	−½	7.76	10.48
79	51¾	Do 6¾pc '88-90	72½	......	9.46	11.05
27¼	20	Do. 3pc '20 Aft.	25¼	......	12.05	—
93½	76¾	Middx. 5¼pc 1980	93xd	......	5.64	9.05
100	84¾	Newcastle 9¾pc '78-80	98½xd	+¼	9.39	9.91
107¼	90¼	Warwick 12½% 1980	106	......	11.79	9.88

COMMONWEALTH & AFRICAN LOANS

100⅝	88¾	**Aust. 5½pc '75-78	98⅝xd	+⅛	5.54	7.06
96	79¾	**Do. 5½pc '77-80	95	+¼	5.84	9.01
88¼	69¾	**Do. 5½pc '81-82	84¼xd	+⅛	6.49	10.15
98¼	86½	**N.Z. 4pc 1976-78	97¼	+⅛	4.13	8.17
96½	81½	**Do. 6pc '76-80	93⅝	+⅛	6.41	9.58
89	66	**Do 7¼pc '83-86	86½	......	8.83	10.23
94	85	Sth. Africa 9½pc '79-81	94	......	10.45	12.64
70	31	Sth. Rhod. 2½pc '65-70	65	......	—	—
95	47	Do. 6pc '78-81	93	+½	—	—

LOANS

Public Board and Ind.

66	44	Agric. Mt. 5pc '59-89	62	......	8.17	11.09
95	68½	Alcan 10½pc '89-94	89	......	12.21	12.50
33¾	22	**Met. Wtr. 3pc 'B'	31½xd	......	9.66	11.28
116	101	U.S.M.C. 9pc 1982	108	......	8.54	7.50
96	77	Do. without Warrants	94	......	9.83	11.40
100	84	Ultramar 7pc '75-78	99¾	......	7.27	12.25

Financial

107¼	94	**FFI 13pc '81	105¼	......	12.35	10.84
111½	98	Do 14pc '79	108½	−½	13.65	12.10
116	100¼	Do 14pc '83	110	......	13.05	12.19
85¾	68	ICFC 5½pc Deb. '80-82	80¼xd	......	6.81	10.90
83½	67¾	Do 6¾pc Db. '81-84	78½	......	8.17	11.30
97¼	95	Do. 10¾pc Uns.Ln. '86	96½	......	11.04	11.40
99¾	95	Do. 11pc Uns.Ln. '88	96½	......	11.58	11.80
100¾	96	Do 11¾pc Uns.Ln. '90	99½	......	12.03	12.10
73	51½	Do. 7¼pc A Deb. '89-92	68	......	11.00	12.30
71½	52½	Do 7¾pc A Db. '91-94	64½xd	......	11.24	12.30
84½	57	Do. 9pc 'A' '91-94	76½xd	......	11.76	12.40
83½	59½	Do 8¾pc Ln. '92-97	75¼	+¼	11.96	12.40

FOREIGN BONDS & RAILS

1977-78 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
22¼	15	Antofagasta Rly	19	......	—	—
37	32	Do 5pc Pref.	33	......	B—	—
98	95	Chilean Mixed	98	......	3	f3.08
360	198	German Yng. 4½pc	360	......	4½	—
60	46	Greek 7pc Ass.	46	......	3½	17.83
58	46	Do 6pc '28 Stab. Ass.	46xd	......	6	16.52
44	38	Do 4pc Mixed Ass.	40	......	4	15.00
42	32	Hung. '24 Ass.	42	......	4½	6.70
77	48	Iceland 6½pc '83-88	70	......	—	11.80
90½	69½	Ireland 7½pc '81-83	86¾	......	8.75	11.09
91	65	Do 9¾pc '91-96	83xd	......	11.74	12.05
330	228	Japan 4pc '10 Ass.	330	......	—	—
87	63	Do 6pc '83-88	87	......	6	8.00
165	150	Peru Ass. 3pc	150	......	3	2.03
75	75	S.G.I. 6½pc 1980	75	......	6½	8.67
$99	$94	Turin 9pc 1991	$96½	......	9	9.33
DM85	DM71	Turin 6½pc 1984	DM81	......	6½	11.25
94	62	Uruguay 3½pc	94xd	......	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1977-78 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
18⅝	13	ASA	15⅛	+⅛	80c	—	3.0
62¾	58	AMF 5% Conv. '87	60½	......	5%	—	f
49⅞	22	Amax $1	23⅝	......	$1.75	—	4.2
30⅞	21¾	American Express	22⅞	−⅛	$1.40	—	3.5
14	901p	Amer. Medic. Int.	13¼	+⅛	30c	—	1.3
11¾	875p	Asarco Inc.	11¼xd	......	40c	—	2.0
45	29¾	Baker Intnl. Corp. $1	31¼xd	+⅛	64c	—	1.2
16½	12¾	Barnes Grp. $6⅔	12½xd	......	90c	—	4.1
38⅝	22	Bendix Corp. $5	25⅛	+⅛	$2.28	—	5.2
34½	13	Beth. Steel $8	15¼xd	+⅜	$1.00	—	3.7
925p	620p	Brown'g Fer. c16⅔	736p	+11	40c	—	3.1
14½	827p	Brunswick Corpn. $1	993p	−20	70c	—	4.0
77⅞	41⅞	Burroughs Corp. $5	42	−⅛	$1.00	—	1.3
51½	30½	CBS $2.50	31¼	......	$2.40	—	4.4
44⅝	28¼	C.P.C. $⅓	32⅛	+⅛	$2.50	—	4.4
49⅝	32¾	Caterpillar	34⅝	−½	$1.80	—	2.9
29⅛	17¾	Chase M'htn. $12.5	20¼xd	......	$2.20	—	6.1
22½	13⅝	Chesebrough $1	15½xd	+⅛	94c	—	3.4
10	771p	Chrysler $6¼	771p	−18	$1.00	—	7.3
29¼	13½	Citicorp $4	14¼	......	$1.06	—	4.2
13¼	735p	City Inv. $1.25	878p	......	$1.00	—	6.4
22⅞	14⅝	Do. Cm. Prf. B $1	16⅝	+⅛	$2	—	6.8
23¼	12¾	Colgate-P $1	13⅞xd	−⅛	$1.00	—	4.0
49⅝	29	Colt Inds. $1	31½	+⅛	$2.75	—	3.3
25¼	15½	Cont. Illinois $10	17⅞	......	$1.32	—	4.3
31⅞	17	Cont. Oil $5	19⅛	+⅛	$1.40	—	4.1
39¼	20⅛	Crown Zell. $5	21xd	+⅛	$1.90	—	5.1
27	19½	Cutler-Hammer $5	24¾xd	+¼	$1.40	—	3.2
37½	22	Eaton Crp. $0.50	23¼	......	$2.25	—	5.4
28½	17¼	Esmark	18⅝	......	$1.84	—	5.6
45¾	28¼	Exxon $	31½	+⅛	$3.20	—	5.7
10	944p	Firestone Tire $	984p	+18	$1.10	—	6.3
19½	11¼	First Chicago	12⅞	+⅛	96c	—	4.4

AMERICANS—Continued

[illegible]

S.E. List Premium 37% (based on $US1.9285 per £)

Conversion factor 0.7289 (0.7285)

CANADIANS

[illegible]

S.E. List Premium 37% (based on $2.1469 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

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PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

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Finance, Land, etc.

FINANCE, LAND—Continued

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RUBBERS AND SISALS

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MINES

CENTRAL RAND

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FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

INSURANCE

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

198	70	Messina R0.50	74		tQ30c	1.8	‡

MISCELLANEOUS

9½	9	Burma Mines 17½p.	9	......	—	—	—
115	56	Colby Mines $C1	55	−1	—	—	—
600	225	Cons. Murch. 10c	235	−5	Q30c	ϕ	7.6
475	245	Northgate C$1	245	−7	—	—	—
247	164	R.T.Z.	164	......	t8.5	q3.1	7.9
70	28½	Sabina Inds. C$1	32	......	—	—	—
£14¾	780	Tara Expln. $1	780	−20	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	120	Yukon Cons. C$1	123	......	Q7c	ϕ	3.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ● Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ϕ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......	Sheff. Refrshmt.	52	......
Ash Spinning	43	......	Shiloh Spinn.	19	......
Bertam	14	......	Sindall (Wm.)	83	......
Bdg'wtr. Est 50p	222	+5			
Clover Croft	22	......	**IRISH**		
Craig & Rose £1	400	......			
Dyson (R.A.)	39	......	Conv. 9% '80/82	£96	+¼
Ellis & McHdy.	65	......	Alliance Gas	70	......
Evans Fr'k. 10p	57	......	Arnott	270	......
Evered	15½	......	Carroll (P.J.)	102	......
Fife Forge	47	......	Clondalkin	85	−5
Finlay Pkg. 5p	20	+1	Concrete Prods.	115	......
Graig Ship £1	175	......	Heiton (Hldgs.)	49	......
Higsons Brew.	60	......	Ins. Corp	140	......
I.O.M. Stm. £1	145	......	Irish Ropes	133	......
Holt (Jos.) 25p	243	......	Jacob	57	......
N'thn. Goldsmith	57	......	Sunbeam	30	−2
Pearce (C.H.)	139	......	T.M.G.	178	......
Peel Mills	17	......	Unidare	72xd	......
Sheffield Brick	46	......			

OPTIONS

3-month Call Rates

Industrials		I.C.I.	23	Tube Invest.	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	7	Vickers	35
Babcock	10	K.C.A.	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		

Property · **Oils** · **Mines**

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday March 7 1978

Wholesale price rises stay at lower level

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UNDERLYING rate of increase in prices charged by manufacturing industry seems to be levelling out—at the lowest level for nearly five years—after the significant slowdown in the second half of last year.

The cost of industry's raw materials and fuel is, however, continuing to fall. In February it was 4? per cent. down on a year earlier.

The latest figures support official hopes that the 12-month rate of retail price inflation—9.9 per cent. in the year to mid-January—should remain in single figures for the rest of this year.

But the improvement is unlikely to be as dramatic as in recent months.

The Department of Industry announced yesterday that the index of output (factory gate) prices rose by 0.8 per cent. last month to 279.2 (1970=100). This follows a 1.3 per cent. increase in January.

Part of last month's rise reflected the residual effect of the increase in car prices in January.

It is not clear how much of the 2.2 per cent. rise in the output price index so far this year is the result of an annual bunching of increases at the beginning of the year and hence overstates the underlying trend.

This is best shown by the six-monthly rate expressed on annual basis, which has been about 8½ per cent., for the last three months, the lowest level since 1973.

This suggestion of a plateau in the underlying rate of price inflation is in line with the evidence of price rises notified to the Price Commission. The chances of a further slowdown depend to a large extent on what happens to pay.

The rise in labour costs only explains part of the gap between the fall in raw material costs since last spring and the rise in output prices.

There has probably also been an attempt by industry to increase its profit margins.

WHOLESALE PRICES (1970=100)

		Output (home sales)	Raw Materials
1976	1st	206.9	266.5
	2nd	214.4	292.6
	3rd	223.2	306.8
	4th	233.9	329.9
1977	1st	248.0	341.5
	2nd	259.2	347.7
	3rd	267.7	340.5
	4th	272.1	330.6
	Aug.	268.1	338.8
	Sept.	269.2	338.1
	Oct.	271.0	333.8
	Nov.	272.0	329.9
	Dec.	273.3	328.0
1978	Jan.	277.0*	324.9*
	Feb.	279.2*	323.3*

* provisional

Source: Department of Industry

The cost of materials and fuel purchased by manufacturing industry fell by ½ per cent. last month to 323.3 (1970=100).

This index has now declined for 10 months running and has dropped by 7½ per cent. since April as a result both of the rise in sterling and the fall in many commodity prices.

The cost of materials bought by manufacturing companies outside the food sector fell last month by ½ per cent., with crude oil accounting for more than half the decline. This index has dropped by 4½ per cent. in the last three months.

The costs of the food manufacturing sector fell by ½ per cent. last month, mainly because of lower prices for fish and coffee. This index has risen by 2 per cent. in the last three months.

The prices charged by food manufacturers rose by ½ per cent. in February as higher prices for a wide range of products, especially biscuits and cakes, were partially offset by lower coffee prices.

The output price index for all manufactured products rose by 12½ per cent. in the year to February, compared with an increase of 13 per cent. in the previous month.

This is the seventh successive monthly improvement in the 12-month rate.

Retail sales, Page 8

£450m. Leyland equity plan 'given NEB backing'

BY OUR INDUSTRIAL STAFF

THE National Enterprise Board is believed to have given full backing to British Leyland's controversial plan to seek up to £450m. in new equity capital as part of a refinancing scheme to carry it through the next five years.

The plan was approved after a lengthy debate at the Board, Leyland's main shareholder, on Friday and was passed on to the Department of Industry yesterday.

Both parties hope for some response from the Government before Parliament rises for the Easter recess in a fortnight.

But the new programme for the company, drawn up under the direction of Mr. Michael Edwardes since he took over as chairman four months ago, presents the Government with some difficult financial issues.

While Leyland is not asking for more money than originally outlined to Parliament during the rescue operation three years ago. Mr. Edwardes wants it in a new form.

He is asking for a large slice of equity to put Leyland finances on a sound footing, reduce borrowings, and to give the company room to manoeuvre.

If this amount of equity is forthcoming, he calculates on borrowing only about £400m. more, which will not disrupt the balance sheet as much as Leyland's present heavy borrowing rate has in the last three years.

However, the NEB, which is mainly responsible for Leyland's funding, does not have the money available to inject the £450m. which the company wants all at the same time.

At present, the Board is limited to an annual expenditure of £275m. which has to cover other troubled companies like Rolls-Royce, Alfred Herbert and acquisitions and investments in its portfolio of small companies.

Alternative funds for Leyland could be found under Section 8 of the Industry Act, or the Government could be tempted to raise the ceiling of the NEB's own financial provision. Another alternative might be to have an issue of part-paid shares in the company.

The Board is believed to have left it to the Government on how to tackle this difficult political decision over further funding, simply pointing out that it supports the general request which Mr. Edwardes has made.

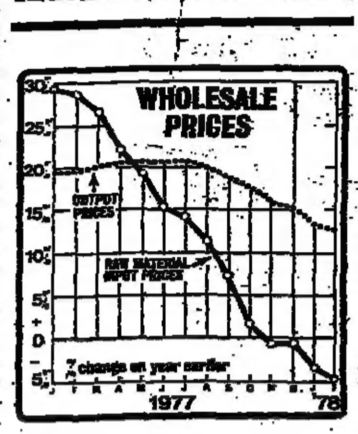
Mr. Varley, the Industry Secretary, is expected to put the issue to the Commons before the Easter recess.

Leyland truck and bus plans, Page 6

THE LEX COLUMN

Fisons pauses as Intal wheezes

Index rose 6.6 to 442.8



After being £1.8m. down at the halfway stage, Fisons' preliminary pre-tax profits are £3.1m. ahead at £21.2m. But this can largely be accounted for by the switch to using average, as opposed to end-year, exchange rates for calculating foreign subsidiaries' earnings (worth £0.5m.), and six months of the Gallenkamp acquisition, worth another £2.3m. In fact, after deducting pre-acquisition profits on the Gallenkamp deal (Fisons only owned it for the last four months of 1977), attributable profits are only £1.6m. higher and earnings per share actually slipped slightly to 50.2p (based on an 18.7 per cent. tax charge), putting the shares, at 357p, on a multiple of 7.

In 1976 the pharmaceutical and the agrochemical sides had provided the vast bulk of the profits growth but last year both divisions turned in a lacklustre performance. Agrochemical profits fell by a tenth, partly reflecting the heavier R and D spend and poor weather and although pharmaceutical sales volumes rose 5 per cent. in the U.K. and 16 per cent. overseas margins were under severe pressure—profits were only 5.6 per cent. higher.

In the U.S., unit sales of Intal fell and Fisons' failure to market successfully its wonder drug in this all-important market is one of the key reasons why the growth of the group's pharmaceutical profits has tailed off dramatically. Fortunately, after just about breaking even in the first six months, the fertiliser division recovered strongly in the second half and further improvement in the current year should underpin a healthy growth in 1978 profits.

Self regulation

The proposed Council for the Securities Industry is gradually emerging from the shadows, and is taking a familiar shape. Instead of rules, it is going to make "recommendations"; instead of baring its teeth, its chief weapon will be the threat of a frown from the Governor of the Bank of England.

As a matter of fact, that can be quite an awesome deterrent, as the Takeover Panel has successfully demonstrated. But the success of an organisation run on these lines will rest entirely on the personalities brought in to run it. In particular, the proposed 19-member council will have to demonstrate that it is not just another City club, which could be quite a task with only three "lay" members among the serried ranks of bankers, fund managers and brokers.

Welcome features include the facts that the brief has been confined to a manageable size—the securities industry, rather than the City at large—and that the Takeover Panel is to retain its existing format within the larger structure. The Council will not be directly responsible for the Stock Exchange quotations committee, but it will be able to exercise a powerful influence over its workings. Maybe the Council's most powerful sanction in the City will be the thought that if it fails, the alternative could be very uncomfortable.

Lloyds Bank

Lloyds Bank has broken new ground by becoming the first clearing bank to include an inflation accounting statement in its annual report. The bank has adopted the principle advocated, for example, by the bankers on the Morpeth Group's working party "K" who proposed a deduction from operating profits to compensate for the erosion by inflation of free capital. The actual formula is to apply the increase in the UK Retail Price Index to the average of opening and closing free capital, producing a deduction in Lloyds' case of £47m. for 1977. With smaller additional adjustments for depreciation and associated companies the overall effect is to trim pre-tax profits by 41 per cent. to £104.3m. On this basis, Lloyds' tax ratio on real profits was 88 per cent. last year (though a more moderate 61 per cent. if deferred tax is left out of the calculation).

But while the initiative by Lloyds is welcome, the reasoning is muddled in several important respects. Its claim that no gearing adjustment is required because a free capital adjustment is more suitable for banks misses the point that the free capital provision is equivalent to the cost of sales adjustment for non-financial companies. A gearing adjustment is still required to indicate the difference between the impact of inflation on shareholders as opposed to the bank as an operating entity. Loan capital financed 46 per cent. of Lloyds' average free capital last year, and so it could be argued that the free capital adjustment need only have been £25m. The debt-financed proportion of free capital can always be maintained by new borrowing.

In fact a drop in the sterling value of Lloyds' dollar-denominated subordinated loans explains the decline in the overall free capital ratio from 3.5 to 3.2 per cent. last year. The free equity capital ratio stayed steady at 1.8 per cent.

Smith/Bisgood

What seemed such a good idea for Smith Bros. and Bisgood Bishop last summer, and was on the point of being implemented four months ago before the Monopolies Commission intervened, has now lost its attractions: the two jobbers are not to merge after all. So has the Commission saved the two firms from getting embroiled in an unfortunate union? That is not, they say, the way to look at it. Rather, in a few months of rapidly changing circumstances the two have developed in different directions.

The key elements must be the dropping of the 25 per cent. surrender rule for investment currency and the [illegible] that the Stock Exchar[illegible] grant jobbers greater f[illegible] in dealing in foreign se[illegible] Smith, which has been f[illegible] new links with South A[illegible] Paris and Los Angeles, may well see more scope on the international scene than in getting more deeply involved, through Bisgood, in a U.K. equity scene now being shrunk by a bear market.

New move to bridge gap with CBI on contracts

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

FRESH ATTEMPTS to bridge the gap between the Government and the Confederation of British Industry over the use of public-sector contracts to enforce the pay policy are to be made during the next few days.

This follows agreement by Ministers yesterday that some of the wording in the new pay clauses they have proposed for the contracts can be changed.

This does not mean that sufficient changes will be made to satisfy industrialists, and last night a meeting of the CBI's top-level president's committee made it clear that there was virtually no chance of their endorsing any clauses, however much they may be altered.

This strong line stems from fears in some companies that, if the CBI eventually backed down on this issue, Ministers might try to enforce other unpalatable policies, such as on planning agreements and worker-directors, through Government contracts.

This unexpectedly strong line from industrialists on the presidents' committee means that the CBI is fighting the issue as a matter of principle as well as on the details involved.

It makes it harder for Sir John Methven, CBI director-general, and his colleagues to reach a compromise with Ministers.

At best, it seems that the CBI's council, which will discuss the issue next week, could decide that sufficient changes have been made to the clauses for the CBI not to mount any outright opposition.

It would then be left to individual companies, without any direct CBI advice, to decide how to react when the Government or its agencies tried to put the pay clauses into contracts.

Sufficient

At worst, sufficient changes in the working will not be made and the CBI will issue alternative clauses to its members for them to try to insert in their Government contracts. Such an arrangement would have to be registered as a restrictive practice with the Office of Fair Trading and, ultimately, defended in the Restrictive Practices Court.

Mr. Roy Hattersley, Prices Secretary, led the Ministerial team at the talks with CBI leaders yesterday, when it was agreed that some rewording of the clauses could be worked out during the next few days. This was a concession by the Government which had been saying it would clarify but not change the clauses.

The rewording is expected to be intended, partly, to reduce the problem of companies being responsible for their sub-contractors. More specific definitions of what pay settlements would be covered by the clauses may also be introduced.

The CBI also wants a procedure for companies to be able to appeal against verdicts of what is or is not within the pay policy. At present, it is proposed that Mr. Albert Booth, Secretary for Employment, should be the sole arbiter.

The CBI also wants references to future pay policies removed from the contracts so that any assurances about the levels of pay rises would apply only to the present pay round, which expires at the end of the summer.

Parliament, Page 11

Jobbers' merger called off

BY MARGARET REID

THE PROJECTED merger between two of London's largest stockbrokers, Smith Brothers and Bisgood Bishop, is not to go ahead despite being given Monopolies Commission clearance last week.

The merger would have reduced the number of the Stock Exchange's biggest jobbers from five to four. It was within about two weeks of being completed when the Government surprised and annoyed the Stock Exchange by referring it to the commission last October.

In a joint statement, the two companies said last night that, when the reference was announced they had been obliged to discontinue their plans for integration and to conduct their businesses separately.

Since then, they had pursued separate policies for the future and had now, after considering all the factors involved, decided not to enter into new merger discussions.

One significant development which has altered the context for both the former prospective partners has been the gradually improving scope for international business, a field where Smith Brothers is already strong and into which it is thought Bisgood would like to move.

The recent removal of the requirement for the surrender of the investment premium on 25 per cent. of the proceeds of sales of overseas stocks has provided a spur to the revival of dealings in such stocks by British investors.

Perhaps more important, there appear to be hopes that confidential discussions in the exchange will result in jobbers being able to deal in a much closer relationship with foreign centres, though probably without formal sacrifice of the dual broker-jobber structure.

Another factor which has probably had some weight in killing the merger has been the prolonged unsettling effect on the staffs of the two concerns about their own prospects should it go through.

Strong powers proposed for securities watchdog

ORGANISATIONS concerned with stock and share trading are being asked to accept publicly that rulings of the proposed new self-regulatory body, the Council for the Securities Industry, could not be ignored, though they would lack legal authority, writes Margaret Reid.

This is one of the key aspects of the plan for the new council, which would aim to enforce "the highest ethical standards" in securities trading.

The outline of the scheme was circulated by the Bank of England last week and is to be discussed with all the interested associations at a top-level meeting at the Bank to-morrow in the hope that an announcement about the council's creation can be made before the end of this month.

The proposed council, designed to combat any city scandal or malpractice, is seen as a venture in improved self-regulation to fend off any possibility of having a legally-backed supervisory concern imposed—like the U.S. Securities and Exchange Commission.

Another important proposal is that the planned 19-member council would be entitled to make recommendations affecting any aspect of the activities of its participating organisations related to the securities industry.

This means that it would have the right, in principle, to pronounce on any aspect of the regulation exercised by the Stock Exchange through its listing agreement with quoted companies or otherwise. In practice, conflict between the two bodies would no doubt be unlikely.

The proposal, worked out secretly over some months in a small committee chaired by Sir Jasper Hollom, deputy governor of the Bank of England, is for a council with a chairman, deputy chairman, three lay members and 14 members representing a range of City and other bodies.

These bodies include the different associations of investing institutions, the banks, the accountancy bodies, the Stock Exchange, which would have two representatives, the Confederation of British Industry, and the foreign banks in London.

A somewhat complex structure, which would preserve unaltered the City Take-over Panel, the referee of bid activity, but add other panels to administer codes and conduct investigations in other fields, is proposed.

There would be a market committee under the council to work out additional codes of conduct, perhaps on such matters as new capital issues.

Carter sets deadline for air fare talks

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, March 6.

PRESIDENT CARTER to-day imposed a March 17 deadline for British and U.S. negotiators to resolve differences over the use of cheap air fares on the new services linking London with Dallas and Houston, Texas.

In so doing, he asked the U.S. Civil Aeronautics Board not to suspend British Caledonian's operating rights fro mHouston.

The Board had threatened to do this next Sunday, in retaliation against the U.K. refusal to permit the U.S. carrier, Braniff International, to fly the Dallas-London run offering a standby fare of $349 round-trip—$60 below what the U.K. considers appropriate.

But the President warned that he was ready to consider unilateral action by the U.S. if the British did not adopt a position consistent with the Bermuda Two air services agreement concluded by the two countries last summer.

Mr. Carter said he was confident that the U.K. would adopt such a position.

The presidential intervention, in the form of a letter to Mr. Alfred Kahn, chairman of the Board, came as a British delegation arrived here to resume talks with U.S. authorities.

Ostensibly, this round was due to consider charter flights and was due to last until March 17 in any case.

But the cheap transatlantic air fare debate has clearly assumed much greater immediate significance under the presidential deadline.

British officials here have been working hard to secure delay of the implementation of the Board order against British Caledonian, which was announced last week, when it became clear that the Braniff services to London were not going to be sanctioned.

Continued from Page 1

China

mittees do not function as an arm of government. He said their responsibilities should be given over to professionals.

Chairman Hua admitted that, although a great deal had been achieved in China's economic development over the past 28 years, much of the experience had been negative. He said China continued to suffer from the lack of trained younger men and women capable of taking over from older experts.

The most striking feature of the report is its straightforward language. For the first time, China has published an important document which has been translated carefully into the kind of English which might, with the exception of some Socialist jargon, be employed by politicians in the Western world.

On foreign policy, he vowed again that China would "liberate" Taiwan and build a united international front against the threat to world peace posed by superpower, particularly the Soviet Union.

The completion of the major industrial projects, said the Premier, would provide China with 14 "fairly strong and rationally located" industrial bases. China is to be divided into six regional economic systems.

The goal of 85 per cent. mechanisation of agriculture has now been moved forward five years to 1985.

Light industry will be developed to produce "an abundance of first-rate, attractive and reasonably-priced goods, with a considerable increase in per capita consumption." The supply of non-staple foodstuffs to cities is to be improved, and commune peasants guaranteed an annual income rise in normal harvest years.

Advanced heavy industry will concentrate on pushing iron and steel production, coal, crude oil and electricity production to the world's front rank. And more petrochemicals, electronics and other new industries are to be developed.

Sydney Morning Herald

Continued from Page 1

Carter invokes law

one Kentucq miner put it this afternoon, to "starve us into submission."

A temporary Taft-Hartley injunction may well be obtained as early as Thursday. Under the proceedings a three-member board of inquiry was named today to serve as administrator, arbitrator and negotiator under the law.

The board's members, two men and a woman, are all experienced in the labour field and are drawn from the Federal Mediation and Conciliation Service's roster of arbitrators.

The board began meeting late this afternoon in Washington and it is assumed that by Thursday at the latest Justice Department lawyers will be in one or more federal courts seeking temporary orders putting the law into effect.

In the course of the week or so after that, assuming temporary orders are granted, the courts may hear further arguments for and against making the injunctions permanent.

Administration officials more or less ruled out the use of troops to mine coal.

But the President did direct the Secretary of Energy, working with State Governors, to make use of existing statutory powers to allocate coal supplies to areas in greatest need.

President Carter said that coal supplies had already been reduced to critical levels in many parts of the Mid-West. He warned that if the strike went on, one million more Americans would be out of work within a month.

Redundancy 'preferred by steel workers'

BY PAULINE CLARK

STEEL WORKERS at the East Moors works, near Cardiff, will prefer redundancy payments rather than fight to keep the plant open, it was predicted last night by Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation—the steel industry's largest union.

His forecast came as union leaders in the steel industry met Mr. Varley, Secretary for Industry, to press for close involvement in formulating an investment programme for the loss-making British Steel Corporation.

At an hour-long meeting between Mr. Varley and the TUC steel committee, trade unionists almost made it clear that they would oppose any retraction of the "strong Government commitment" to save steel-making at the Shelton plant near Stoke-on-Trent.

The meeting is expected to be the last between Mr. Varley and the committee before the Minister makes his promised statement before Easter on prospects for the steel industry, and on Government proposals for stemming losses.

Mr. Sirs, who is also chairman of the committee, said he would be visiting the East Moors plant this week to discuss proposals for redundancies with British Steel management.

Talks begin this week, Page 8

Weather

U.K. TO-DAY

DRY OR mainly dry with bright intervals.

London, S.E., Cent. Southern England, Channel Is., E. Anglia
Dry, sunny intervals. Max. 9C (48F).

Midlands, Cent. Northern, S.W. and E. England
Mainly dry, bright intervals. Max. 9C (48F).

N.W. England, Wales, Lake Dist., Isle of Man
Cloudy, rain at first, bright intervals. Max. 9C (48F).

N.E. England
Cloudy, rain at first, bright intervals. Max. 8C (46F).

Borders, Edinburgh, Dundee, Glasgow and Aberdeen areas, N.E., N.W. and S.W. Scotland, Moray Firth, Argyll, Orkney, Shetland, N. Ireland
Cloudy, occasional rain. Max. 6C to 8C (43F to 46F).

Cent. Highlands
Cloudy, occasional rain. Max. 7C (45F).

Outlook: Becoming milder.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Auckland	C	20	68	Luxemb'g	S	4	39
Amsdm.	C	7	45	Madrid	S	13	55
Athens	S	16	61	Manchestr.	S	8	46
Bahrain	S	27	81	Melbourne	C	22	72
Barcelona	S	15	59	Mexico C.	S	24	75
Beirut	S	17	63	Milan	C	10	50
Belfast	C	8	46	Montreal	S	−6	21
Belgrade	F	16	61	Moscow	C	−3	28
Berlin	Sn	3	37	Munich	R	1	34
Brmghm.	S	8	46	Newcastle	F	5	41
Bristol	S	9	48	New York	S	−2	28
Brussels	S	7	45	Oslo	S	6	43
Budapest	C	14	57	Paris	S	7	45
B Aires	S	27	80	Perth	S	31	88
Cairo	S	27	80	Prague	C	4	39
Cardiff	S	8	46	Reykjavik	R	4	39
Chicago	C	−2	28	Rio de J'o	C	30	86
Cologne	F	5	41	Rome	S	15	59
Copnhagn.	S	5	41	Singapore	S	31	87
Dublin	S	10	50	Stckhlm.	Sn	1	34
Edinburgh	C	7	45	Strasbrg.	S	7	45
Frankfurt	S	5	41	Sydney	S	31	88
Geneva	C	4	39	Tehran	R	11	52
Glasgow	C	7	45	Tel Aviv	S	18	64
Helsinki	Sl	1	34	Tokyo	S	12	53
H. Kong	S	17	62	Toronto	S	−7	19
Jo'burg	C	25	77	Vienna	C	6	43
Lisbon	S	16	61	Warsaw	C	4	39
London	S	9	48	Zurich	C	4	39

HOLIDAY RESORTS

Ajaccio	F	14	57	Jersey	S	7	45
Algiers	C	11	52	Las Plms.	F	19	66
Biarritz	S	7	45	Locarno	S	12	54
Blackpool	S	9	48	Majorca	F	19	66
Bordeaux	S	8	46	Malaga	S	19	66
Boulogne	F	6	43	Malta	S	18	64
Casablnca.	F	16	61	Nairobi	S	24	75
Cape Town	C	22	72	Naples	F	16	61
Dubrovnik	R	13	55	Nice	C	13	55
Faro	S	16	61	Nicosia	S	19	66
Florence	F	11	52	Oporto	S	15	59
Funchal	F	16	61	Salzburg	R	5	41
Gibraltar	S	18	64	Tangier	S	13	55
Guernsey	S	6	43	Tenerife	C	12	54
Innsbruck	C	4	39	Tunis	F	16	61
Inverness	F	7	45	Valencia	F	14	57
Isle of Man	C	7	45	Venice	C	12	54
Istanbul	C	9	48				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sl—Sleet. Sn—Snow.

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